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SEC Proposals To Amend Securities Laws Seen Offering Little Relief For Business

Incident to the hearings on amendments to the Securities Acts, which began in Washington on Oct. 28 before the House Interstate and Foreign Commerce Committee, the Research Bureau of the Commerce and Industry Association of New York, Inc., has prepared a memorandum on the proposals of the SEC and representatives of the the securities industry for amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934. The Association announces that this analysis shows that these proposals would do little to relieve the needlessly burdensome restrictions now imposed by these laws and their administration on the financing of private business by private capital, but are rather designed to extend the power of the Securities and Exchange Commission over nearly all private business on the one hand, and ostensibly to benefit the securities industry on the other, but they do not meet the fundamental needs of business, particularly small business, throughout the country.

Endorsement of the Wadsworth bill (H. R. 4344) to amend the various securities laws is contained in the Association's memorandum, which says:

There has been introduced in the House of Representatives by Representative Wadsworth a bill which offers amendments designed to effectively deal with these fundamental problems which have been ignored in the SEC-industry proposals. It imposes upon the Commision the affirmative duty of revising its registration forms and procedure so as to reduce the expenses, complexities and unnecessary duplication of printing and work involved in the present procedure and of providing for reasonably informative prospectuses instead of the confusing, bulky documents of to-day. It also imposes upon the Commission the affirmative duty of encouraging and fostering orderly and active securities markets and specifically requires the Commission to give due regard to the free flow of private capital into private enterprise. In addition, it contains provisions designed to curb the arbitrary powers of the Commission, to prevent "smear" publicity and to provide relief from unreasonable regulations and unfair rulings of the Commission and its staff.

To sum up, the interests of issuers and investors alike urgently require the reopening of the capital markets to private industry and the restoration of vitality to our national securities markets. The proposals made by the SEC and representatives of the securities business, while they contain a number of important technical improvements in the wording of the laws, offer little or no promise of progress in this direction and, on the contrary, would extend the restrictive powers and burdensome control

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OUR REPORTER'S REPORT

Hearings on the proposed amendments to the Securities laws, now in progress before the House Interstate Commerce Commission, give promise of dragging on for some time.

Investment bankers hereabouts who have been attempting to follow the proceedings, via the press, contend that they have not yet seen much of a nature to give a cue to the ultimate outcome.

They find it heartening, none-the-less, to find that they have at least a few supporters among the Legislators on the committee, notably Representative Wadsworth of New York and Representative Lee of California.

Congressman Wadsworth's contention that "expense and delay" involved in registration of securities have been largely responsible for the growth of private sales by corporations direct to institutional buyers struck a responsive chord.

His outline of the experience of American Water Works & Electric Co. and subsidiaries in floating 39 issues between Jan. 1, 1936, and March 19 this year, including one preferred stock issue.

Of the 39 issues, all but two went to banks and insurance companies while the two went to universities, thus freezing out the public which hitherto had been a large holder of 34 of the outstanding issues replaced.

Quiet Week Disturbs

Few periods, even in the seasonal mid-summer slack of several months ago, matched the current week for inactivity in the new issue market.

Not a single new corporate undertaking reached the market and dealer and underwriters alike had to content themselves with such

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Farm Credit Bill Opposed By ABA Officials As Unsound and Conducive to Inflation

Representatives of the American Bankers Association appeared before the House Agriculture Committee on Oct. 28 to express opposition to the pending bill for the reorganization of the farm credit system. The measure is sponsored by Representative Fulmer, Democrat of South Carolina, who is Chairman of the House Agriculture Committee.

In summarizing the position of the ABA, A. L. M. Wiggins, Chairman of the Association's Committee on Federal Legislation, saying that he was speaking not only for chartered banking but for what is believed to be sound national economy, presented the following points:

(1) We favor such amendments to the law creating the Federal Land Bank System as will enable that system to function most effectively and most economically.

(2) We believe that this system will best function when operated as a farmer-owned, cooperative, credit system under government supervision and financed through the use of private capital.

(3) Such provisions in the legislation here proposed as will convert this system into a government agency with control and management centered in Washington and financed directly or indirectly with the resources or credit of the United States Government is neither in the best interest of the farmers nor in the public good.

(4) The freezing into the permanent farm mortgage credit system of the emergency plan of lending 75% of appraised values on farm property is unwarranted, is unsound, and inevitably will result in hardship on borrowers in their efforts to repay and will require a con-

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Schram Urges Independence For Exchanges At Hearings On Securities Acts Amendments

Strongly urging upon the House Committee on Inter-State and Foreign Commerce "the desirability of leaving to the Exchanges the freedom and independence that are needed to deal with constantly changing problems in the every-day administration of our markets," Emil Schram, President of the New York Stock Exchange, at the Committee's hearing on Oct. 30 on proposals to amend the Securities laws, added that "this is necessary if the integrity of exchange self-regulation is to be preserved. It is also necessary if we are to encourage young men of initiative and ability to enter the securities business." Mr. Schram went on to say:

I want expressly to negative any implication that the Securities Exchange Act or its administration is necessarily the cause of the creeping paralysis which has beset our exchange markets, but I do most emphatically urge that the Congress, the Securities and Exchange Commission and the industry itself bend every effort to stamp out this paralysis. I know that you will approach this problem as it exists today and not in the light of conditions that existed in the 20's or the early 30's.

I would like to emphasize here that the New York Stock Exchange, in recent years, has undergone a modernization which, I believe, makes it the equal today of any organization in the country. It has completely overhauled its administrative machinery in the interest of greater efficiency, it has has broadened its supervision of its member firms and it has introduced many important safeguards for the benefit of investors. Our market has readjusted itself realistically to present-day conditions. It is operating under an enlightened concept of its responsibilities. We are as determined as you that the abuses and the excesses of the past shall never return.

Many millions of people have invested their money in the securities listed on our Exchange. They have a direct and vital interest in the health and vitality of our market. Their welfare, no less than the welfare of our whole economy, is involved in the legislation which is before you. The protection which these millions of people urgently need today can best be provided through the rehabilitation of our market.

In his statement before the Committee Mr. Schram declared that "the preservation of our exchange markets is vital to our private enterprise system." He likewise said "it is important that these markets be kept not only honest, but healthy and efficient. This is a responsibility, it seems to me, which rests upon the Congress, the Securities and Exchange Commission and the exchanges themselves. The cooperation of all three is necessary if the securities exchanges are to continue to perform their fundamental and

(Continued on page 922)

Traders Of St. Louis Elect '41-'42 Officers

ST. LOUIS, MO.—At the annual election of the Security Traders Club of St. Louis, the following officers were elected for the year 1941-1942:

President—R. Emmet Byrne, Edward D. Jones & Co.

First Vice-President — E. E. Haverstick, G. H. Walker & Co.

Second Vice-President — Richard A. Shoninger, Giger & Co.

Third Vice-President—Frank E. Pelton, Jr., C. J. Devine & Co.

Secretary—Ernest D. Willer, Boatmen's National Bank.

Treasurer — Charles Baucom, A. G. Edwards & Co.

National Committeeman: Irwin R. Harris, Scherck, Richater Co.

Bridges Asst. To Pres. Of Keystone Custodian

BOSTON, MASS.—James W. Bridges has been appointed Assistant to the President of The Keystone Corporation of Boston, 50 Congress Street, national distributor of Keystone Custodian Funds, the corporation announced today.

For many years, Mr. Bridges was connected with Mackubin, Legg & Co., of Baltimore, in their investment trust wholesale activities and recently had been associated with Scudder, Stevens & Clark, handling investment trust work.

James A. Ross With Straus Securities Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—James A. Ross, formerly president of James A. Ross & Company, has become associated with Straus Securities Company, Land Bank Building.

J. A. Rippel Named New Jersey IBA Head

Announcement of a program to interpret the investment banking industry to the people of New Jersey was made on Oct. 29 with the appointment of J. A. Rippel, President of Julius A. Rippel, Inc., Newark, as Chairman of the New Jersey group, Investment Bankers Association of America. With his appointment Mr. Rippel said:

"Through a speaker's bureau, the services of a number of our members, eminently qualified by experience in the field of finance, are being made available to clubs and organizations throughout the State."

A motion picture and a sound slide-flim, "America Looks Ahead," will be used to illustrate the talks by the volunteer speakers. "This," said Mr. Rippel, "is part of a program which the Investment Bankers Association of America has adopted through which it is telling the people of the country of the part played by the investment bankers in the development of America." Mr. Rippel is a former President of the Bond Club of New Jersey and is a member of the Municipal Division Council of the Investment Bankers Association.

Whitehouse To Absorb Winthrop Firm In NY

Whitehouse & Co., 1 Wall Street, New York City, members of the New York Stock Exchange will merge with the Winthrop division (New York) of Winthrop, Mitchell & Co., in December, to form Winthrop, Whitehouse & Co.

All general partners of Whitehouse & Co. will remain with the new firm and J. Norman Whitehouse and E. V. E. Pearl will continue as special partners. Henry Rogers Winthrop, G. C. Babcock, Henry W. Bull and Clark Williams, special partners, and John J. Fagan, Richard P. Loasby, Richard F. Babcock, James J. Masterson, William P. S. Earle, Jr., George F. Brennan, Frederick H. Clarkson and Milton W. Holden, general partners, of Winthrop, Mitchell & Co., will be associated with the new organization.

Leeds Mitchell and his Chicago associates in Winthrop, Mitchell & Co., have joined Shearson, Hammill & Co., as previously reported in the "Financial Chronicle" of Oct. 23rd.

Founded in 1828, Whitehouse & Co. is one of the oldest firms on the New York Stock Exchange.

Moody's Commodity Index Higher

Moody's Daily Commodity Index advanced moderately from 207.6 a week ago to 208.5 this Monday. No substantial changes occurred in the prices of individual commodities.

The movement of the index was as follows:

Tuesday, October 28	207.6
Wednesday, October 29	208.9
Thursday, October 30	209.2
Friday, October 31	208.9
Saturday, November 1	208.6
Monday, November 3	208.5
Tuesday, November 4	*
Two weeks ago, October 21	207.1
Month ago, October 4	214.2
Year ago, November 4	165.3
1940 High—December 31	171.8
Low—August 16	149.3
1941 High—September 9	219.9
Low—February 17	171.6

*Holiday.

New Branch For Stein

Stein Bros., 50 Broad Street, New York City, have opened a branch office at 15 Exchange Place, Jersey City, N. J., which will be under the direction of Bernard Stein, partner in the firm.

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Subscriptions in United States and Possessions $26.00 per year, $15.00 for 6 months; in Dominion of Canada, $27.50 per year, $15.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $29.50 per year, $16.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year, $17.50 for 6 months. NOTE: On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

New Orleans Traders Elect Lob President

NEW ORLEANS, LA.—The New Orleans Security Traders Association has elected the following officers for 1941-1942:

Charles Lob

President: Charles Lob, Weil & Co.

Vice-Presidents: Ford Hardy, Merrill Lynch, Pierce, Fenner & Beane.

Secretary-Treasurer: Rudy Schjott, Hyams, Glas & Carothers.

Delegates: Gilbert Hattier, Jr., White, Dunbar & Co., and R. Jeremy Glas, Hyams, Glas & Carothers.

Alternates: Frank Burkholder, Equitable Securities Corp., and Macreary Wheeler, Wheeler & Woolfolk, Inc.

R. Bolles Associated With Boston Fiduciary

BOSTON, MASS.—Robert G. Bolles, for many years editor-in-chief of Poor's Manuals, has become associated with Boston Fiduciary and Research Associates, investment advisers to the Keystone Custodian Funds, it is announced. In his former position, Mr. Bolles had final responsibility in determining Poor's ratings on bonds and other securities. In his new connection, he will have direct charge of selecting and supervising the securities in the portfolios of the four Keystone Bond Funds, with total assets of close to $23,000,000.

Tomorrow's Markets Walter Whyte Says—

Market seems to be headed higher, but such a reversal of trend will not be the beginning of a major upturn; there are too many imponderables; rally of 7 to 10 points should, however, be in order; more below.

By WALTER WHYTE

Nothing really important has happened since the previous column was written; at least nothing so obvious as to change anything on the surface. Still the market in its own little way is beginning to whisper some cheerful things. True, this is chiefly by implication. Yet, even implications are sometimes enough to get the bull wave to rolling again.

* * *

On the surface there is little in the recent market action to change any generalized opinion of the trend, if what we have seen—or are seeing—can be dignified by such a designation. The bulls are sunk in deep gloom thinking of days gone by and the bears are licking their chops in anticipation of a wide open break. This condition isn't new. The bears certainly have had a lot more to gloat over in the past few weeks than the bulls. The result of such a condition is obvious.

* * *

A gray pall hangs over Wall Street with optimistic listeners finding but scant audiences. Instead such forecasts as "these . . . indicate that a peak in the war boom has been passed" or ". . . good selling is conspicuous on all rallies" are finding if not eager then certainly attentive listeners. All this is a part of a familiar picture. All markets have stages when pessimism outruns the known—and frequently unknown—facts. Just as optimism carries things to the other ex-

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IBA Convention at Hollywood, Fla., Nov. 30 To Be Dedicated To Meet Changing Times

The problem of encouraging the flow of private savings into enterprise during the current national emergency and in the post-war period of readjustment, will be the theme of the 1941 convention of the Investment Bankers Association of America to be held in Hollywood, Florida, Nov. 30 to Dec. 5.

Announcing on Nov. 2 the preliminary details of the convention program, with Speaker Rayburn of the House of Representatives and William Green, President of the American Federation of Labor, as two of the key speakers, Emmett F. Connely of Detroit, President of the association, said it would be "the most important convention in 30 years of IBA history." With the convention dedicated to "meeting changing times," President Connely said that "we have sought to make the convention program meet the responsibilities of the times." In part Mr. Connely also said:

For more than a year we have had an opportunity to study, in conection with our Public Information Program, the position of the investment banker in our rapidly changing economy.

And during this time, many things have happened. Things which strike at the very base of our operation.

* * *

We have had a chance to observe the actual results of competitive bidding in the securities field. At our conveniton we will be able to discuss this on a factual, not a hypothetical basis.

We hope to have behind us the hearings of the House Interstate and Foreign Commerce Committee on amendments to the Securities Acts.

Since the last convention we have seen the coming of all-out defense. What is our place in this effort? How can we best cooperate? This is another front on which the investment banker must meet the changing times.

And finally, we have many purely internal problems of the business to work out. The operation of an investment banking business in the present economy, and in the face of all-out defense, presents new considerations. At this Thirtieth Annual Convention we have set up a forum to discuss these new "inside" problems. And to discuss, also, new ways of getting business.

With the preliminary announcement of the program, President Connely also said:

The problems of the investmen banking industry in drawing savings into private enterprise will be dovetailed with the pressing issues of national defense, its financing and its impact on all phases of our economy now and after the war. Nothing, barring only the actual production of armament, is more vital to our nation than the survival of a virile investment banking system to furnish the investment capital for expanding private enterprise. The need for this system will be more pressing when the emergency is over and we are faced with the reconstruction era and its many problems.

The roster of speakers scheduled to address the convention, in addition to Speaker Rayburn and Mr. Green, include Roy W. Moore, President of Canada Dry Ginger Ale, Inc., Malcolm Muir, President and Publisher of "NEWSWEEK" magazine, Sumner H. Slichter, Professor of Business Economics at Harvard, and Austin J. Tobin, Secretary of the Conference on State Defense. Mr. Green will discuss the relation of capital and labor at the opening

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Philadelphia Traders Announce Banquet Date

PHILADELPHIA, PA.—Frank Haas of Rufus Waples & Co., Chairman of the Arrangements Committee for the Investment Traders Association of Philadelphia, announces that the date for the popular "Philadelphia Party" has been set for Friday evening, Jan. 23rd, 1942.

No details are available for publication at this time, but plans are being formulated for an elaborate festive occasion.

J. A. Ludlow & Co., Curb Firm, In N. Y.

John A. Ludlow, member of the New York Curb Exchange, Samuel Weiner, and Robert M. Morgan, have formed J. A. Ludlow & Co. with offices at 120 Broadway, New York City. Messrs. Ludlow and Weiner are general partners and Mr. Morgan a special partner in the firm. All were formerly partners in Peter R. Lawson & Co. In the past Mr. Lawson was in business as J. A. Ludlow & Co.

DIVIDEND NOTICES

Atlas Corporation

Dividend No. 21
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending November 30, 1941, has been declared on the 6% Preferred Stock of Atlas Corporation, payable December 1, 1941, to holders of such stock of record at the close of business November 17, 1941.

WALTER A. PETERSON, *Treasurer*

October 31, 1941.

CHRYSLER DODGE — Chrysler Corporation — DE SOTO PLYMOUTH

YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of one dollar and fifty cents ($1.50) per share on the outstanding common stock, payable December 12, 1941, to stockholders of record at the close of business November 12, 1941.

B. E. HUTCHINSON
Chairman, Finance Committee

Esso

The Board of Directors of the
STANDARD OIL COMPANY
(Incorporated in New Jersey)
has this day declared the following dividends on the capital stock, payable on December 15, 1941, to stockholders of record at close of business, twelve o'clock, Noon, November 15, 1941:

Regular semi-annual cash dividend of 50¢ per share; and

Extra cash dividend of $1.00 per share.

Checks will be mailed.

A. C. MINTON, Secretary

November 3, 1941

Magma Copper Company

Dividend No. 77

On November 5, 1941, a year end dividend of One Dollar per share was declared on the capital stock of Magma Copper Company, payable December 15, 1941, to stockholders of record at the close of business November 28, 1941.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 53

On November 5, 1941, a year end dividend of 87½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable December 15, 1941 to stockholders of record at the close of business November 28, 1941.

H. E. DODGE, *Secretary.*

Erie R.R. Interesting

Joseph Walker & Sons, 120 Broadway, New York City, Members New York Stock Exchange, have prepared an analysis of the Erie Railroad Company and the securities to be issued under the Plan of Reorganization, which discusses the effect of the reorganization on the road and its securities.

NOTICE OF REDEMPTION

West Virginia Pulp and Paper Company

First Mortgage Bonds, 3% Series due 1954.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Article Three of the First Mortgage, dated as of December 1, 1939, from West Virginia Pulp and Paper Company to Irving Trust Company, as Trustee, the undersigned has drawn by lot and will redeem by operation of the sinking fund on December 1, 1941, at its principal office, No. One Wall Street, City of New York, $220,000. principal amount of West Virginia Pulp and Paper Company First Mortgage Bonds, 3% Series due 1954, at 101% of the principal sum thereof, together with accrued interest to December 1, 1941, the Bonds so drawn being identified by number, as follows:

M 6	M1320	M2790	M3923	M5254	M6657
M 11	M1362	M2882	M3948	M5262	M6678
M 15	M1363	M2915	M3951	M5286	M6758
M 34	M1396	M2937	M3952	M5288	M6771
M 40	M1433	M2993	M4010	M5303	M6772
M 78	M1476	M3003	M4052	M5304	M6789
M 81	M1517	M3031	M4114	M5364	M6955
M 96	M1527	M3032	M4159	M5383	M6972
M 102	M1538	M3079	M4218	M5412	M7092
M 173	M1617	M3211	M4290	M5416	M7218
M 246	M1667	M3239	M4343	M5423	M7317
M 320	M1747	M3243	M4446	M5429	M7369
M 321	M1753	M3288	M4500	M5443	M7396
M 333	M1816	M3305	M4555	M5498	M7433
M 361	M1821	M3330	M4586	M5551	M7482
M 549	M1839	M3346	M4587	M5572	M7558
M 628	M1840	M3364	M4588	M5657	M7575
M 634	M1875	M3395	M4592	M5886	M7597
M 668	M1911	M3416	M4640	M5950	M7637
M 675	M1975	M3446	M4716	M6002	M7653
M 730	M2034	M3510	M4773	M6012	M7674
M 734	M2045	M3516	M4866	M6044	M7681
M 783	M2054	M3522	M4912	M6066	M7708
M 801	M2082	M3546	M4927	M6078	M7732
M 819	M2159	M3594	M4970	M6159	M7793
M 836	M2217	M3631	M5000	M6243	M7796
M 851	M2241	M3659	M5010	M6394	M7825
M 860	M2296	M3677	M5025	M6395	M7848
M 917	M2420	M3682	M5040	M6411	M7850
M1027	M2425	M3696	M5059	M6419	M7857
M1030	M2516	M3737	M5099	M6495	M7871
M1143	M2558	M3787	M5132	M6538	M7874
M1190	M2701	M3796	M5146	M6545	M7919
M1250	M2742	M3847	M5152	M6576	M7933
M1263	M2757	M3881	M5167	M6617	M8000
M1294	M2762	M3899	M5175	M6654	
M1308	M2776	M3913	M5224	M6656	

The designated Bonds should be surrendered on or after December 1, 1941 at the Corporate Trust Department of the undersigned in bearer form or, if registered, accompanied by duly executed instruments of transfer, with all coupons thereto attached maturing after December 1, 1941. Coupons maturing on December 1, 1941 should be detached and presented for payment in the usual manner. After December 1, 1941, said Bonds shall cease to bear interest and shall cease to be entitled to the security of the mortgaged property, and the appurtenant coupons maturing subsequent thereto shall be void.

IRVING TRUST COMPANY, as Trustee,
By F. G. HERBST, Vice President.

Dated: New York, October 25, 1941.

Bank Stock Offering Is Being Arranged

William Fulton Kurtz, President of The Pennsylvania Company for Insurances on Lives and Granting Annuities, announced yesterday (Wednesday) that negotiations were in progress with an investment banking group headed by Smith, Barney & Co. for underwriting the Company's offering of 160,000 additional shares of stock to its stockholders and that a public offering may be made tomorrow (Friday), simultaneously with the offering of rights to stockholders. The underwriting group with which the company is negotiating includes, besides Smith, Barney & Co., Harriman Ripley & Co. Incorporated; Drexel & Co.; Blyth & Co., Inc.; The First Boston Corporation; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co., and 19 other houses.

Corn Loan Repayments

The Department of Agriculture reported on Oct. 27 that 77,773 loans representing 82,668,476 bushels of 1940 corn and 1938-39 resealed corn were repaid from Jan. 1, 1941, through Oct. 11, 1941. The Department added:

Repayments were made on 50,845,581 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 31,822,895 bushels of 1940 corn. There remained outstanding a total of 196,160 loans on 221,213,453 bushels, of which 149,881,119 bushels were released from 1938 and 1939 crops and 71,332,334 bushels from the 1940 crop. In addition, 73,095 bushels of 1938-39 crop corn have been delivered to Commodity Credit Corporation since Jan. 1, 1941.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
NEW YORK, N. Y.—**Robert True Garen**, formerly with Phelps, Fenn & Co., has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, 70 Pine Street, in the municipal bond department.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Richmond Gordon**, previously with Massachusetts Distributors, Inc., has become associated with **First Investors Shares Corporation**, whose main office is located in New York City at 420 Lexington Avenue.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Herbert E. Johnson** has become connected with **Hicks & Price**, Continental Illinois Bank Building. Mr. Johnson was formerly with Lamson Bros. & Co. and prior thereto with Harris, Burrows & Hicks.

(Special to The Financial Chronicle)
DAYTONA BEACH, FLA.—**William Lee Hensley** is now connected with **T. Nelson O'Rourke**, 356 South Beach Street.

(Special to The Financial Chronicle)
DENVER, COLO.—**William H. Brereton** has become affiliated with **Charles J. Rice & Co.**, First National Bank Building. Mr. Brereton was formerly President of Brereton & Kendall, Inc., and prior thereto was with Kennedy Boardman, Inc.

(Special to The Financial Chronicle)
GRAND RAPIDS, MICH.—**Simon De Meester**, formerly with Bradbury-Ames & Co., has joined the staff of **King, Wulf & Co.**, First National Bank Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Walter E. Powell** has joined the staff of **Bankamerica Company**, 650 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Horatio G. Houghton** is now connected with **Samuel B. Franklin & Co.**, 215 West Seventh Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Walter Aufhauser, Erich K. Balzer**, and **Ray Maurice Campbell** have become associated with **Van Denburgh & Bruce, Inc.**, 523 West Sixth Street. Mr. Campbell was formerly with Hugh R. Murchison & Co., Guardian Investors Corp., and Edgerton, Bourne & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**John Charles Pedder** is now affiliated with **Sutro & Co.**, 407 Montgomery Street.

(Special to The Financial Chronicle)
SEATTLE, WASH. — **Edgar Mac Leod** has become connected with **Wm. D. Perkins & Co., Inc.**, 211 Cherry Street. Mr. Mac Leod was formerly associated with Dagg & Co., Inc., and prior thereto with the Seattle Trust & Savings Bank.

(Special to The Financial Chronicle)
SEATTLE, WASH.—**L. B. Benedict** and **J. Smith Kennedy** have become associated with **Federal Association, Inc.**, 820 Second Avenue. In the past Mr. Kennedy was engaged in the securities business as an individual dealer; Mr. Benedict has been in business as a public accountant and in the past was an officer of Wm. Brelle Investment Co.

(Special to The Financial Chronicle)
SPRINGFIELD, MASS.—**Thomas D. Brown** has joined the staff of **James P. Smith & Co.**, 1387 Main Street.

(Special to The Financial Chronicle)
ST. LOUIS, MO.—**James Edgar Sperry** has been added to the staff of **Slayton & Co., Inc.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)
YORK, S. C.—**Charles T. Plybon** is representing **R. S. Dickson & Co., Inc.**, whose main office is located in the Wilder Building, Charlotte, N. Y.

Connely of IBA Urges Securities Acts Revision To Encourage Investment of Private Capital

At the hearing in Washington on Oct. 30 on the proposals to amend the Securities Acts, Emmett F. Connely, President of the Investment Bankers Association of America, advised the House Committee on Interstate and Foreign Commerce that "we are here to urge amendments to the Securities Acts of 1933 and 1934." Mr. Connely went on to say:

We of the investment banking business have always favored legislation to bring protection to the investor, and we have gone on record many times as endorsing the "truth in securities" and "full disclosure" principles of the Acts of '33 and '34.

It would, however, have been nothing short of miraculous if such all-embracing legislation as the Securities Acts of 1933 and 1934 could have been written so that they would be flawless in operation in their original form. It is to smooth out the flaws while still retaining the protection for the investor and permitting honest business to operate freely, that we seek amendments of the Acts.

People sometimes lose sight of the fact that we are merchants who do business much as any other merchant. We have our customers who do business with us time after time, year after year. It is obvious that to maintain this status we must have the customers' interest constantly in mind, and it is because of this that we, in the business, are more vitally interested in the welfare of our customers than anyone else—not even excluding regulatory agencies. Accordingly, we are keenly alive to the responsibilities that we are willing to assume in recommending certain changes in the Securities Acts of 1933 and the Securities and Exchange Act of 1934. These Acts have undergone no general review since 1934, and in the light of the intervening years of experience it would seem timely that desirable changes now be made by the Congress so that private capital might flow more freely into business—thereby creating jobs and national wealth, as well as aiding the defense effort.

I have no doubt that the amendments which we hope will be enacted by Congress will be a stimulus to the flow of invested savings into industry and thus be a lever for greater employment when we reach the end of the present emergency.

We had great problems when the last war ended and many of them existed because there was no "post-war" planning. I

feel that at this time everything should be done that can be done to simplify the problems which will inevitably confront us after the present war. A freer flow of private savings into industry to take the place of government credit which is now being used will be fundamental to the solution.

It is not to be assumed that the present suggestions are all-embracing. We have stated in our report that we have no more specific suggestions to advocate at this time but it may be well to point out to this Committee that in order to insure a free flow of private capital we are of the feeling that Congress can make a real contribution by reviewing the Securities Acts regularly, much as the Banking Act is revised from year to year.

Let us remember, too, that in the protective process we have in addition to the Federal Securities Acts, many State Blue Sky and State Securities Laws in addition to the Federal Securities Acts. The work of these state commissions has been of inestimable value to the investing public, over a long period of time. Underlying this protection, of course, is the great body of the common law which continues to be the real bulwark against fraud of all kinds.

In amending the Acts you will also assist in solving a problem that goes much deeper than appears on the surface, for the scarcity of new issues and the difficulty of dealing in outstanding issues has been detrimental to the best interests of the investor, large or small, as well as seriously retarding the economic progress of the country.

The Securities and Exchange Commission and we have labored diligently for over a year on a comprehensive revision of the Acts. The Commission and the Investment Banking Industry have reached a large area of agreement but there are several points of major importance on which there is disagreement. This is perfectly natural for on certain questions the industry has approached them from the realistic business viewpoint while the Commission's approach has been regulatory and legalistic. In putting forth these proposals we have agreed to every idea advanced by the SEC except those which, in our judgment, would virtually make it impossible to do business at all. We shall endeavor to present our arguments as to why we think we are right, in a factual, dispassionate manner and shall be happy to answer any questions that you may care to ask.

It would, of course, have been ideal if the Commission and the industry could have reached agreement on all fronts. However, we trust that the Committee will consider carefully the points of disagreement, for in the controversial points there are bound to be matters of prime importance.

Our approach to this study has been that of the business man who has lived with these regulations day in and day out through actual experience, and who has more than a selfish interest to advocate. We would be extremely shortsighted had we viewed the problem from any other angle. As we present our testimony we sincerely hope that you will be convinced that the welfare of the country and the protection of the investor is our primary concern. Only if that is accomplished will we be collaterally benefited!

NY Commodity Club To Hear Congressmen

Representatives Albert Gore of Tennessee, Fred L. Crawford of Michigan, and Jessie Sumner of Illinois, all members of the House Banking and Currency Committee, will be among the speakers on the subject "Inflation Prospects and Price Control Proposals" at the first dinner meeting of the new season of the Commodity Club of New York, to be held Thursday evening, Nov. 6th, at the Park Central Hotel, New York City. It is pointed out that Representative Gore has sponsored the price control measure; Representative Crawford is known as an authority on governmental fiscal problems; and Representative Sumner attracted attention several weeks ago by his questioning of Mr. Leon Henderson, OPA Chief. Those prominent in New York banking and financial circles will also be present and interest is evinced in the prospect of the presentation of inflation problems and price control. Guest tickets may be obtained from Mr. E. A. Beveridge, of Merrill Lynch, Pierce, Fenner & Beane.

RAILROAD SECURITIES

Recent developments affecting the financial side of the railroad picture have continued highly constructive. Southern Pacific last week paid off $5,000,000 of the $20,000,000 serial bank loan contracted earlier in the fall; the entire payment represented anticipation of maturities not yet due. Southern Railway has made additional anticipatory payments on its $10,000,000 bank loan contracted last May, and the entire obligation will probably be liquidated before the year-end. "Central" is expected to pay off its debt to the banks at the earliest redemption date, May 1, 1942, and there is ample evidence of additional bond purchases for retirement by a large majority of the marginal roads. All of this activity has brought up the question in the financial community as to what Atlantic Coast Line may do with its rapidly mounting cash balance.

It is fairly generally expected that stockholders will be given some reward for their patience; "Coast Line" has traditionally been liberal on this score but nothing has been paid on the common since 1937. A disbursement of as much as $2.00 a share, however, would cost the company less than $1,650,000 and would still leave indicated cash (based on present traffic and earnings prospects) well above working requirements. The road has no bank or RFC loans to take care of. Naturally, therefore, speculation has arisen as to the possibility that the opportunity might be taken to redeem some of the funded debt. The most logical candidate would be the Collateral 5s, 1945, both because of the high coupon and the fact that it is the earliest maturity subject to call.

Although no definte information is available, it is indicated that the company has been buying in the bonds during 1941; they have advanced from a low of 77 earlier in the year to a recent high of 97. As they come closer to, or cross, par, this relatively slow retirement process of open market purchases will naturally be progressively less efficacious. Therefore, bond men contemplate the possibility of retirement through call. The bonds are callable as a whole on 60 days' notice on any date and the call price drops to 102 on May 2, 1942.

The bonds were outstanding in the amount of $12,000,000 at the end of 1940, which may have been reduced in 1941. Cash, exclusive of special deposits, amounted to $12,349,000 on Aug. 31, a gain of $6,664,000 over a year earlier. If the company does no better than a year ago on a cash basis, this balance would be increased to $16,518,000 by May 31, 1942, before allowing for any dividend payment. Actually, operations from now through next May should show continued, although narrower, improvement over a year ago; dividend income from Louisville & Nashville is expected to be larger, and the return from the jointly owned Clinchfield will certainly show an increase over 1940. Thus, even with a payment of $2.00 on its own stock, "Coast Line" should be able to report cash of roundly $17,000,000 by the end of May.

Indicated balance of $4,760,000 over the redemption requirement of the $12,000,000 5s, 1945 (at 102) would probably not be sufficient for working needs under current conditions. However, the drain would be eased to the extent that bonds have already been purchased and retired. Also, the company would in an excellent position to get moderate temporary accomodation from the banks. A substantial amount of collateral would be released from retirement of the bonds, in addition to which the company now has free securities in its treasury available for pledging purposes. Retirement of the bonds would reduce annual fixed charges by about 10% and relieve the company from serious maturity problems for the next decade. There would still be outstanding a small divisional lien (non-callable) of $2,417,000 in 1945, an aggregate of $516,000 in the following two years, and $5,047,000 in 1948.

There is considerable logical justification for looking forward to the possibility that such a retirement program might be followed by the company next year unless business shows definite signs of a downward spiral of important proportions. Stockholders would not likely object to possible less liberal near-term dividend policies arising from the debt retirement, as their investment position would be materially bolstered and long-term dividend prospects improved. Retirement of the full $12,000,000 of 5s, 1945, would add more than $0.70 a share to earning power. The company could certainly not realize any income on its cash that would be comparable to the 5% it would save on the bonds.

Maryland Drydock

Shields & Co., investment bankers of New York, have arranged to acquire a controlling stock interest in the Maryland Drydock Company of Baltimore, one of the principal ship-repair concerns on the Atlantic Seaboard, it was learned last night (Wednesday). Control has been held by the Koppers Company, with which the Mellon interests of Pittsburgh are closely identified.

It is understood that the Koppers Company will retain an interest in the company and that at a later date some public distribution of securities of the company may be made.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—14¾, last 34⅛.

Bank and Insurance Stocks

This Week — Bank Stocks

Complete data now available covering the two years of World War II explode the former belief that the Defense Program would not lead to sharp increase in volume of commercial loans.

Commercial loans are needed by business to carry larger inventories as production increases; to pay larger payrolls; and pay higher prices. But, it was reasoned, the supply of working capital by corporations was ample, and deposits were at peak levels, to finance higher production without recourse to bank credit.

Actually, the extraordinary industrial expansion called for by the Defense Program has not only taxed resources for production but has led to "stocking up" in both defense and civilian industries. Thus, bank loans have expanded sharply, with New York loan expansion running ahead of the rest of the country.

Indicators of demand for commercial loans have expanded as follows

	Aug., 1941, compared to Aug., '40	Aug., '39
Industrial production	+29%	+52%
Inventories	+21%	+41%
Factory payrolls	+49%	+72%
Wholesale prices	+17%	+20%

In meeting these demands, commercial loans of weekly reporting member banks in New York and 100 other leading cities have expanded

New York	+40%	+60%
100 other cities	+37%	+55%

Stimulation of the Defense Program has also had sharp repercussion on the banks in other ways. The New York banks have added to security holdings by 25% for the year and 55% since outbreak of war; banks in other cities, 10% and 13%. Total earning assets at New York have expanded 26% for the year and 45% since August, 1939; other cities, 16% and 21%. Demand deposits "adjusted," which measure deposit volume of the public, by comparison have expanded 13% and 38% at New York, and 20% and 37% at the other cities. This in turn compares with increases in money in circulation of 23% since August, 1940, and 39% since August, 1939.

These data show, that, far from being unable to reflect expanded needs of business during wartime, the banking system has responded sharply to business demands in the first two years of war. The increased volume of direct Government lending, deficit financing through the banks, and control over excess reserves and money rates difficult factors though they have been—have impeded but not impaired the ability and willingness of banks to fill their function as credit institutions to business.

This is particularly illustrated by the experience at New York banks, which have been hardest hit by these Government policies, and by reason of their location away from defense centers and handling of the financially stronger corporations, would be thought less able than other banks to reflect loan expansion. As of Oct. 15, 1941, commercial loans of New York City member banks reached a peak of $2,547,000,000, representing the 23rd consecutive high recorded in the 24 previous weeks, during which the loan expansion amounted to $459,000,000, or an average of $19,000,000 per week despite seasonal influences. The upturn since September, 1940, has totaled $856,000,000, or 51%, and since the outbreak of war in September, 1939, New York City commercial loans have expanded $1,002,000,000, or 65%. New York banks have been aggressively seeking loans.

What of the future—will this pace of loan expansion slacken? Should an increased proportion of productive capacity be diverted to Defense production, thus curtailing production of non-defense goods, and the flow of needed materials be further restricted by priorities, it seems inevitable that civilian production of consumers goods will be reduced. This would entail reduction in loans for such production. Defense industries, however, should continue to be a fruitful source of bank loans, particularly in view of the process of subcontracting which spreads Defense business to many small firms needing bank loans for such production. Under the 1940 Assignment of Claims Act, bank financing of such Defense production is facilitated.

Higher taxes generally also mean lower cash available for corporations, thus obliging recourse to bank aid in meeting cash requirements. Higher taxes might also mean lowered ability to meet amortization on term loans, which increased risk would justify higher rates by banks on the long term "balloon" notes in serial term loans.

Dealers and retailers in consumers goods should likewise continue to enjoy rush business, in view of the sizable expansion in payrolls and other indicia of public spending power. The danger is clearly recognized in Washington, however, that the impact of increased spending power on diminished supply of consumers goods might well lead to serious inflation. Hence, severer taxation and "forced" savings" in the form of increased Social Security taxes, or other direct levies on wages, appear indicated, as a frontal attack on inflation from the spending power standpoint.

Banks recognize the danger of inflation, have a "vested interest" in a steady bond market, and are therefore motivated by self-interest in cooperating with anti-inflation measures. In view of this it is to be hoped that the pressure for inflation controls would not lead to unwise statutory or administrative restrictions upon banks that might impair their ability to fill legitimate business needs.

It would be contradictory, for example, to urge banks to expand loans to the maximum, in cooperating with the Defense Program; and to turn around and caution against loan expansion because it might encourage inflation. Inflation controls should not impair the supplying of legitimate credit needed by industry to do its job under the Defense Program.

Inflation controls should also not impair banks' ability to invest in Government securities, because bank assistance in financing the Defense debt is just as important as financing business. Banks would rather make loans than invest in Governments, anyway, because the return on the former is better and the holdings of the latter are already at peak levels (banks hold nearly 40% of the Federal debt). But as a practical matter, it is doubtful whether the Treasury could finance one-third of Defense needs through non-commercial bank investors without enlisting the aid of commercial banks.

Banks, therefore, will probably continue to experience growth in earning assets, in reflection of National Defense needs.

"JOTTINGS"

John Lewis' gamble was a pretty desperate one and his gains will probably be correspondingly high. He had crossed the President last fall and again last Spring, made faces at Hillman, been replaced as CIO head by Murray, antagonized Dan Tobin by letting his brother Dinnie raid the Minneapolis teamsters, suffered an anthracite strike against his dues bills, and had the Communists turn on him on June 22. Now he can turn up at the CIO convention at Detroit Nov. 17 with probably enough union prestige to win back from Phil Murray the CIO presidency, from which he had to resign last year. For he got the President to overrule the NDMB, which had backed down on the closed-shop issue after the public fuss following Kearney and which is now virtually required to give him his union shop in the captive mines. These mines are but a strategic bridge to a closed shop in the steel industry, national stronghold of the open shop. This will steal the prestige from Murray, whose men have been skirmishing in and around Chicago toward the same closed-shop goal but with no such spectacular success. Lewis has also established the practical precedent that NDMB recommendations are mandatory on employers, not at all on unions.

Annual union take now must run close to $500,000,000. Figure 10,000,000 members, averaging to pay close to $2.00 a month, which comes to round $20,000,000 a month or $240,000,000 a year. Add about the same for special assessments, initiation fees, and fines, for the total honey-pot.

About the only bill in Congress with any practical hope of passing as a result of Lewis' coup is one submitted by Senator Herring of Iowa. It calls for (1) a coolingoff period; (2) supervised strike votes like those in Canada; and (3) a ban on strikes for the closed shop, in line with the old 1917 War Labor Board's policy of freezing jurisdictional matters for the duration. Other bills come either from Republicans or anti-Administration Democrats. Remember how the union people were able to put on the heat last June to head off restrictive legislation. Herring, however, has heretofore gone along with the Administration.

Don't worry about FPC talk of power shortages elsewhere than in the Southeast. Down there it's real. TVA got out on a limb in former years by depending too much on hydro and inviting in too many power-using industries. Now come big requirements for aluminum, etc., and it is frantically sucking in all the available power from the near-by states, as rainfall has been hardly 25% of normal and its dams are way down. In the Northeast power demands will not rise fast because the next step in defense is diversion rather than expansion; and there is still a lot of spare power in Canada, also in New York City. In the far west the situation is taken care of by the New Deal's white elephant hydro projects like Grand Coulee and Bonneville, whose power has dramatically and unexpectedly come to be needed. This, incidentally, lifts much of the threat of Federal competition from the private companies.

However, power rationing will mean lower earnings in the Southeast and wherever practiced. For it means diverting power from residential rates to industrial rates, sometimes only a tenth as much.

And the long-term effect of defense has been to bring back the "Seven Little TVA's" and more with FPC's four-year program which will rapidly increase the Federal Government's proportion of power installations in the United States.

American business seems to be keeping up with the Federal Government in the production of interesting predictions of what it will do after the war. Last week we mentioned the aircraft industry's dream. Add: a revolution in low-cost housing by the building industry; aluminum and magnesium-made automobiles and trucks, freight and passenger cars and ship super-structures; allnew plastics; freight trains on roller bearings; arterial highways; B-1 vitamins in every dish, etc.

Third quarter earnings now appearing will be the last to show any kind of favorable comparisons with the same quarter of the previous year. From here on the comparison will be with near-capacity and then capacity operations, and with no further overhead savings to offset higher wages and taxes. Earnings went over the hump in Britain six months ago, the first quarter of 1941 being generally 10 per cent below the same period of 1940.

Russia's difficulties may mean an enormous increase in lease-

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ABA Officials Oppose Farm Credit Measure

(Continued from First Page)

tinuous drain of government funds to make good the losses.

(5) With rising farm prices threatening to create an inflation of farm land values, we believe that the adoption now of a permanent policy of lending 75% of the appraised value of farm lands will be highly inflationary and will renew the spiral of excessive lending that created many of the farm mortgage difficulties of the past.

(6) We brand as thoroughly unsound and detrimental to the integrity of the entire credit system the philosophy represented in the proposals in this bill to eliminate personal liability of debtors through a statutory invitation for a general scale down of farm mortgage obligations.

It is our conclusion, Mr. Wiggins stated, that although some amendments to the present law are desirable for the better functioning of the Land Bank System, it is neither desirable in the public interest nor in the interest of farmer-borrowers that legislation be adopted which will destroy the substance, if not the form, of a successful agricultural credit system which has been operating effectively for a quarter of a century.

In his summary of the bill, inserted in the Congressional Record of July 22, Representative Fulmer said:

> The basic objectives of the bill are two: First, to eliminate those factors which heretofore have caused break-downs in the national farm loan associations, which constitute the underlying structure of the Federal land-bank system, and to enable the system, on a sound, permanent and self-sustaining basis, to extend credit to farmers at the lowest interest rates consistent with sound financing and operating practices; and second, to provide specific authority for the Federal land banks and the Federal Farm Mortgage Corporation to identify and adjust to their true status those of their loans which so far exceed the capacity of the borrower to pay that there is no hope of his financial rehabilitation through mere adjustment in the terms and conditions of payment. It provides also a method, adequately safeguarded, for making practically effective the right conferred upon farmers by section 75 (s) of the Bankruptcy Act to repurchase at their real value farms which, at the present time, for want of credit facilities, they are unable to repurchase, despite the fact that the law as recently interpreted by the Supreme Court gives them the right to do.

Changing Times Theme Of IBA Convention

(Continued from page 915)

of the convention on Sunday night, Nov. 30.

The future of the free enterprise system will be discussed by Dr. Slichter and Mr. Moore, both of whom will be on the program on Dec. 2. Mr. Muir will talk on public relations from the point of view of one who for many years has directed news gathering and interpreting organizations. Mr. Tobin is to address a forum on municipal finance on the current attempts to impose taxes on municipal securities through simple legislative enactment without putting the issue to the test of a vote on an enabling constitutional amendment. Speaker Rayburn will make the principal address on the final day of the meeting, giving his views on national and world affairs as he sees them from Washington.

At the session of the convention which will be devoted to a discussion of internal business problems of investment banking, John Clifford Folger of Washington, D. C., will conduct the panel, in which investment bankers from all sections of the country will participate.

The Hollywood Beach Hotel will be the convention headquarters.

JOTTINGS

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lend demand for such unexpected things as textiles, sugar, and even wheat, in addition to planes, tanks, rolling stock, etc.

Harold Ickes is now getting back at Jesse Jones through the Truman Senate Defense Investigating Committee. Last Spring OPM wanted Aluminum Corporation to build an Oregon plant, but Harold, who is among other things the biggest electric power czar in the world through Interior's control of the Bureau of Reclamation, which runs most of the big western Federal hydro ventures, wouldn't earmark any Bonneville power for the big monopolistic sos-and-sos. Finally OPM put it up to Jesse Jones, and he solved it by having Aluminum build the plant for the Government, then run it. Now Harold calls the deal a "damnable onerous and unconscionable pact."

Incidentally the Columbia power bill before Congress, with strong western support and a good chance to pass, is aimed at prying Harold loose from Bonneville and Grand Coulee and setting up an independent Pacific power authority like the TVA.

With the ICC's new order for the railroads to depreciate way and structure it looks as though railroad book-keeping will head down the road toward much bigger depreciation charges, down which the utility industry has been headed the last five years after the general defeat of the "retirement reserve" people by the "straight-line depreciation" people.

Miscellaneous . . . ASCAP took a financial shellacking last week from the big networks, on top of nine months' loss of revenues to BMI. . . . The President's farewell congratulatory slap on Jo Daniels' shoulder for having done so much for our relations with Mexico was a funny one. Hardly anywhere in Latin America have American interests suffered so much . . . No wonder the gasoline retailers hated to give up the curfew, which they originally balked. It saved overhead, hardly curtailed sales at all . . . It looks as though when the shooting is over farm prices will have levelled out somewhere between 100 and 110% of parity; and that's not so good for the futures markets at all. . . .

New Office For Axe

E. W. Axe & Co., Inc., investment counsel and estate management firm, announce the opening of new offices for its management and research departments at Axe-ton, Benedict Avenue, Tarrytown, N. Y. These will provide ample room for current as well as additional expansion when needed. Offices for consultation will continue to be maintained at 730 Fifth Avenue, New York City, Philadelphia, Chicago, San Francisco, Los Angeles and Santa Barbara, California.

Lee, AF-GL, Back At Desk

H. Vernon Lee, of the public relations staff of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City, has resumed his work with the agency after a term of service with the United States Army at Fort Dix, N. J.

Our Reporter's Report

(Continued from First Page)

normal day-to-day switching business as their established customers made available.

To top off the sluggishness, there were few if any sizable "after market" or secondary distributions of list securities, a line which had in recent weeks sufficed at least to keep the wheels turning for some of the more fortunate firms.

Railroad Bonds Improve

Railroad securities developed firmer tendencies in advance of the election holiday, presumably on the theory that the report of the Fact-Finding Board, submitted to President Roosevelt yesterday would be found more cheerful than had been expected.

This proved to be the case up to a certain point when the contents of the reports were made public. The President's five-man board recommended wage increases ranging from 7½ to 13½%, making for an average of 12½%.

It likewise urged a week's vacation for workers. But along in its report the Board pointed out that such recommendations were for temporary increases, and put forth on its conviction that the roads would be allowed increased tariffs sufficient to take up a good part of the increased cost.

Time, Cost Deciding Factors

Looking into the situation to ascertain the reason the company sold the securities privately, Representative Wadsworth approached officials of the utility.

He was informed that the motivating forces behind the procedure were the saving in time afforded and also the saving involved in not undertaking preparation of registration statements.

The cost of placing the 39 issues was placed at $1,265,000, whereas he said, company officials calculated that the cost of public sale, involving registration, would have been more than double that amount of approximately $2,765,000.

Election and Municipals.

Well, it looks as though the public is becoming at least a mite economy-minded, judging by the outcome of voting on several large propositions which would have involved the issuance of new securities.

True, the much-debated proposal on the New York ballot, providing for $60,000,000 of new State highway bonds was carried.

But two other very sizeable proposals, which had been beaten in previous tests, again went down to defeat. The City of San Francisco once more voted down the proposition to float $66,500,000 to purchase the Pacific Gas & Electric distribution system.

And the City of Cincinnati barred a flotation of $100,000,000 to purchase the properties of Cincinnati Gas & Electric Co., or to construct a municipal plant.

Public Service of Indiana

Another utility company, Public Service Co. of Indiana has set the wheels in motion, looking toward an extensive refinancing, and the raising of a small amount of new capital.

The company has filed with the State Public Service Commission for authority to issue $52,000,000 of new securities, involving $42,000,000 of 3⅝% first mortgage bonds due 1971 and $10,000,000 of serial notes maturing in one to nine years.

Some $48,000,000 of the total would be used to retire outstanding 4% bonds due in 1969 and also debentures and notes, with the balance to be applied to partial financing of a major construction undertaking.

Investment Trusts

Investment Company Briefs

"Even though investors are 'gun-shy' today, they are nevertheless vitally interested in the various influences being brought to bear upon the satisfactory investment of funds under present conditions. Those of us who bring constructive suggestions to investors are perhaps more likely to do some business than if we simply go out to sell an individual security," stated Mr. N. H. Horner, Vice-President of Lord Abbett & Co. in introducing a new compilation of various types of tax and estate advantages to be had through proper investing in mutual investment company shares.

Briefly, multiple inheritance taxes can be avoided; probate costs may be reduced; capital gains tax may sometimes be avoided; under special circumstances the payment of income taxes on dividends received is sometimes avoided; corporations owning shares in a bond fund can realize a considerable tax saving over direct investment methods.

* * *

In connection with tax savings Massachusetts Distributors' **Brevits** points out that the capital gains and losses provisions of the tax bill will probably be much stiffer next year, and suggest that where losses for tax purposes are now available, investors should take advantage of them. There are many stocks now selling below their 1940 lows—**Brevits** lists 20 of them—which, where paper losses exist, could be sold and probably replaced with securities which have more to offer.

* * *

New York City banks are relatively favorably situated, according to Hare's, Ltd., distributors of Bank Group Shares, in the following respects:

"Their tax burden is substantially less severe."

"They are relatively unaffected by priorities, price ceilings and rising costs of materials occasioned by inflationary trends."

"They are unlikely to be disturbed by either labor disorders or unreasonable wage demands."

* * *

Investment Company Reports

American General Corporation

The statement of American General Corporation for the nine months ended Sept. 30, 1941 shows net assets as of that date equivalent to $97.87 per Preferred share and $5.72 per Common share.

Comparable figures for June 30, 1941, were $92.82 per Preferred share and $5.11 per Common share; for Sept. 30, 1940, $99.81 per Preferred share and $5.91 per Common share.

* * *

Canadian Investment Fund, Ltd.

On Sept. 30, 1941, the per share net asset value of Canadian Investment Fund was 1.68% lower than at the beginning of the year, but was higher than at the end of last June according to the statement to stockholders of Oct. 31, 1941.

"It is evident from the higher Canadian index figures for August, 1940, that Canadian production expanded more quickly after the beginning of the war than did that of the United States," according to the report. "However," it is stated, "the figures indicate that United States production has currently attained a level approximating the high level in Canada. It is probable that production of vital war supplies constitutes a larger proportion of Canadian total production than is presently the case in the United States. Nevertheless, the trend in both countries is to increase the proportion of war supply production which should progressively augment the supply of defense materials."

* * *

Chain Store Investment Corporation

The net asset value per share of the Preferred stock rose from $107.12 to $115.13, or about 7.5% during the quarter ended Sept.

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Municipal News & Notes

It would appear that the ever-recurring imposition of heavier and heavier tax imposts on corporations and individuals has resulted in their seeking ethical and reasonable means of obtaining some measure of exemption. This search has been evidenced in the increasing demand for State and local government obligations, all the income from which is free not only from all Federal income taxes, but, in most cases, from all State income taxes as well. The recent widespread interest in municipal securities has placed them at a premium and dealers have cleared their shelves of all but a limited supply. Nowadays, more and more taxpayers are discovering that what really counts in the end, is the matter of net income, not gross.

As we remarked in the preceding paragraph, at the current writing there is a relatively small available supply of municipal bonds in the hands of bond dealers. Ordinarily, the various local governments sell an average of between $25 million and $35 million a week, and pay off about the same amount in maturing obligations. In the past couple of months the national defense program and priorities have brought about a curtailment in the amount of local capital expenditures and a corresponding drop in the volume of securities issued.

A further curtailment may develop as the national program expands. During the first world war, local government financing was restricted to barest necessities and only then after approval of a government board.

A similar development in the near future would add a further premium to municipal securities, as the diminishing supply was bid up and taken into portfolios.

Close Figuring Marks Sales

Carying out our report that dealers' inventories are at low ebb (currently placed in New York circles at about $53,000,000), recent sales by local units have attracted bids that demonstrated a market unanimity of opinion among the boys with the sharpened pencils. To quote a few examples of bond awards; Portland, Ore. sold $600,000 bonds at a net interest cost of about 1.10%, which just about shaded the next best offer, Stamford, New York, disposed of a $1,250,000 issue to the highest of 11 bids, of which five were for 1¼% bonds, while New Rochelle sold $200,000 as 1.20s to the successful bidder at a tender which just nosed out the second highest of the sixteen offers received. The Asbury Park syndicate is said to have met with excellent response on the reoffering of the $10,230,000 issue.

IBA Convention Preliminaries Reported

Sam Rayburn (D., Tex.), speaker of the House of Representatives, and William Green, President of the American Federation of Labor, will be the principal speakers at the annual convention of the Investment Bankers Association of America, to be held in Hollywood, Fla., Nov. 30 to Dec. 5, Emmett F. Connely of Detroit, president of the association, announced early this week.

The general trend of the convention, he said, will be the problem of encouraging the flow of private savings into enterprise during the present national emergency and in the post-war period of readjustment.

Mr. Connely said that the meeting will be the IBA's "most important convention in its 30 years' history."

"Nothing, barring only the actual production of armament, is more vital to our nation than the survival of a virile investment banking system to furnish the investment capital for expanding private enterprise," he added.

"The need for this system will be more pressing when the emergency is over and we are faced with the reconstruction era and its many problems."

N. Y. State Grade Crossing Diversion Approved

At Tuesday's general election in New York, in the State-wide referendum on four proposed amendments to the State Constitution, the voters of the State overwhelmingly approved Amendment 1, authorizing the Legislature to transfer $60,000,000 from funds already authorized for the elimination of grade crossings, to the construction and reconstruction of State highways and parkways, with a majority of about 340,000 indicated.

At the same time they rejected Amendment 2, which would have increased the term of State Senators from two to four years, with a majority of about 320,000 indicated.

New Arkansas Bond Purchase Expected

Inquiries being made among municipal bond dealers currently point to possibility of appearance in the not too distant future of an additional large block of State of Arkansas highway bonds. Conversations are reported to have been taking place between bankers and Jesse Jones, Federal Loan Administrator, looking toward purchase by the bankers of part of the $46,000,000 of the obligations acquired by the Reconstruction Finance Corporation July 1 of this year as the second phase of the state's $136,330,557 road debt refunding program.

As the first step in the operation, the RFC early this year received $90,000,000 of the total issue, which subsequently was sold to several banking groups in various amounts.

Included were $35,000,000 sold to Chase National Baank of New York, which were promptly reoffered in the general market, and two blocks aggregating $42,800,000 to Halsey, Stuart & Co., Inc., which shortly afterward marketed $13,500,000 of its total. It is understood in the market that the latter holds approximately $20,00,000 of the bonds.

Improvement of the market as a whole since the refunding was accomplished has been a factor in the higher prices now commanded by Arkansas bonds, dealers say, but success of the refinancing program and the improved fiscal situation has been influential also.

Tax collections of the state, for example, have been setting successive high marks in monthly receipts. Latest reports are those for October, when the department of revenue showed intake of $2,326,532, which was an all-time peak for the period and compared with $2,084,541 for the 1940 comparative. Gasoline tax of $1,068,011 and motor vehicle license of $42,745 provided $1,210,075 for the highway fund, an increase of $156,364 over the same month of last year.

Montreal Financing Plan Favorably Regarded

Favorable reaction to the reorganization scheme presented recently is said to have been generally voiced in Montreal municipal circles. However, an important angle still to be settled as negotiations open is the extent of supervision and the method to be exercised by the province and bondholders' representation over the municipality's affairs, if the plan is implemented.

Complete reorganization of the city's finances is provided by the co-operative plan for long-term rehabilitation of Canada's largest municipality. Evolved by the bondholders' committee, representing the larger institutional holders of the city's debt and the provincial municipal department, controlling the city's affairs for the past 17 months, the plan is being studied by city council and executive committee.

While the bondholders' committee has not gone on record, it is understood it will not agree to the plan being put into operation unless there is effective control over the city's administration. A number of methods for achieving this have been suggested. It is also understood the Godbout government is anxious to place some rein over the city's activities until it is clearly out of the financial morass in which it has been for the past several years.

If the plan receives approval of all parties concerned, debenture holders will be called upon to make a sacrifice in interest rates and accept extension of principal maturities.

The city will benefit accordingly. It will set out on a 35-year journey to financial health. Its large bank debt and other floating debt will be subject to a 10-year retirement schedule. Substantial annual provision for debt retirement will progressively lessen the burden of interest charges.

The city's gross funded debt at present is approximately $265 millions, against which the sinking fund holds $46 millions. Under the refunding scheme the city's public debenture debt would be reduced to $212 millions.

Florida's Financial Outlook Declared Good

State Treasurer Ed Larson told an insurance company convention recently that "Florida's financial outlook is the best in years."

"All August bills were discounted for cash," he reported, "and Sept. 15 the general fund showed a balance of $900,000. It has dropped, but October occupational licenses and November tax collections should banish worries on that score."

He said 37 counties had been paid in full their 1941-42 surplus gasoline tax funds, although the fiscal year was only four months gone, that full payments had been made on the first month of teachers' salaries and the entire year's $200,000 appropriation for the teacher retirement fund.

Idaho Treasurer Urges Bond Retirement Plan

The bonded debt of the State of Idaho is $1,977,600. Of this amount, $491,500 are serial bonds with fixed maturity dates and the remaining $1,486,100 are optional bonds payable any time within 20 years. While provision has been made to pay off the serial bonds, no plan to retire the callable bonds has been in effect. Myrtle P. Enking, State Treasurer, has recommended an orderly plan for retiring these bonds. She suggested a tax levy sufficient to raise $100,000 for retirement of callable bonds be included in the next tax levy, and that a similar amount be raised each year. Such a levy will not only meet the problem of debt retirement in an orderly way, she pointed out, but it will also reduce the interest which must be paid each year.

Iowa Primary Road Bonds Final Payment Foreseen

The State of Iowa is paying off its county primary road bonds at the rate of about $7,000,000 a year and the total of bonds now outstanding is said to be $62,043,000. Two counties, Cerro Gordo and Louisa, have no bonds outstanding and six have less than $100,000 of primary road bonds unpaid. Twelve counties have more than $1,000,000 each in outstanding bonds, most of them counties containing larger cities. The schedule of payments now in effect calls for retirement of the last of these primary road bonds by 1950.

Cities Seven Billions Spent In Midcontinent

President Lachlan Macleay of the Mississippi Valley Association told the organization's annual convention last week that Government contracts and expenditures in the Midcontinent totaled more than $7,000,000,000 up to Sept. 24.

He said the Midcontinent basin has received many new industrial plants as result of the defense program and resident industries have expanded. Macleay pointed out, however, that there was still unemployment and warned that serious economic dislocation would occur when the war ends unless measures are taken to alleviate the conditions.

Macleay said the Midcontinent, with its new war industries, would suffer more than any other section during the transformation to peacetime economy.

Macleay urged the association to work for "imposition upon organized labor of the same accounting and responsibility for its acts as is imposed on capital and industry"; the protection of small businesses against unnecessary restrictive regulations; the full use and treatment of the inland waterways system as a defense industry, and increased participation of the association in foreign trade and development of the Mississippi Valley's profitable South and Central American markets.

Road Users Pay Tax Increase In 1940

Highway users paid $1,327,277,000 in direct taxes to state treasuries in 1940, an increase of 6 per cent over 1939, John M. Edy, acting Federal Works Administrator, announced recently.

Of the total, $870,136,000 came from state gasoline taxes, $439,178,000 was derived from motor vehicle fees, and $17,913,000 from motor carrier taxes. From these funds, state treasuries disbursed $1,321,082,000, of which $754,497,000 was spent on state highways, $323,331,000 for local roads and streets, and $196,579,000 for such purposes as relief, education, and state general funds.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Nov. 12th

$500,000 Lafayette Par., La.

We do not find a record of any recent sales by this parish.

Nov. 18th

$900,000 Cuyahoga Co., Ohio

The county awarded bonds in September to a syndicate headed by Braun, Bosworth & Co. of Toledo. Second best bid was entered by Otis & Co. of Cleveland.

Investment Trusts

(Continued from page 919)

30, 1941. The Common stock net asset value increased from 16 cents to 33 cents.

The only change in the securities portfolio was the sale of 35 shares of Butler's, Inc., Preferred stock, eliminating the issue from the portfolio.

* * *

Chain Store Investors Trust

The liquidating value of the shares of beneficial interest in Chain Store Investors Trust rose from $15.69 per share to $16.61 during the quarter ended Sept. 30. No changes were made in the investment portfolio during the quarter.

* * *

Keystone Custodian Fund, Series "S 1"

The net assets of Keystone Custodian Fund, Series "S 1" were $245,339 on Sept. 30, 1941, according to the semi-annual report. The asset value per share was $22.12 as of that date, compared with $21.71 on March 31, 1941, the date of the last statement. A distribution to shareholders of $0.65 per share was made during the period.

Income from dividends received and proceeds from the sale of stock rights totaled $6,901 for the six months. Expenses of the fund amounted to $1,294 and net income was $5,607.

* * *

Keystone Custodian Fund, Series "S 3"

Net assets of Keystone Custodian Fund, Series "S 3" on Sept. 30, 1941, amounted to $423,013 compared with $390,241 on March 31, 1941. The net asset per share was $8.60 on Sept. 30 and $8.07 on March 31.

Dividend income for the six month period ended Sept. 30 amounted to $10,668. Expenses totaled $2,579, and net income after expenses was $8,089. A distribution of $0.25 per share made to shareholders during the period compares with a distribution of only $0.20 during the preceding six months.

* * *

Utility Equities Corporation

A statement of Utility Equities Corporation for the nine months ended Sept. 30, 1941, show net assets at that date of $85.71 per share of the $5.50 dividend priority stock. The priority stock is entitled to $100 and accumulated dividends per share in involuntary liquidation and to $110 and accumulated dividends in voluntary liquidation.

The net assets as shown in the respective statements amounted to $82.21 per priority share at June 30, 1941, and $82.98 at Sept. 30, 1940.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of George E. Blum to Francis M. Weld, partner of White, Weld & Co., will be considered today.

Wenman & Co., New York City, dissolved effective Oct. 31st.

George W. Hall, partner in Paul H. Davis & Co., Chicago, died on Oct. 25th, on which date his interest in the firm ceased.

Install Private Phone

Content, Hano & Co., 29 Broadway, New York City, members of the New York Stock Exchange, have installed a private phone to their Philadelphia office, 1505 Walnut Street.

Fred Mason In Orange

NEWARK, N.J.—Fred Mason, Jr., formerly president of Fred Mason, Jr., & Co., Inc., is now doing business as an individual dealer from offices at 286 Rutledge Avenue, East Orange, N. J.

SEC Amendments Seen No Help To Business

(Continued from First Page)

of the Commission to practically all of American industry, thus promoting the special interests of the proponents of these measures at the expense of issuers and investors throughout the country.

The Wadsworth bill, on the other hand, is directed at reforming the abuses in the administration of the law which have been so harmful to investors and issuers and to the economic welfare of the country as a whole.

It is respectfully submitted that industry and the investing public alike should support the Wadsworth bill and the technical improvements offered by the SEC-securities industry proposals and should vigorously condemn and oppose the proposals which would further extend the power and control of the Commission over private enterprise.

The Association's memorandum on the proposals of the SEC and representatives of the securities industry also had the following to say:

These proposals offer certain desirable technical improvements in the Securities Act of 1933 and the Securities Exchange Act of 1934. They also provide for a vast extension of the powers of the SEC and would clamp burdensome restrictions and obligations on many companies not now subject to the jurisdiction of the Commission. Most significant, however, is the failure of these proposals to offer any solution for many of the fundamental problems which must be solved before there can be a revival of the flow of capital into industry and a restoration of vitality to our ailing securities markets.

Some of the proposals further to extend the power and jurisdiction of the Commission over private enterprise are as follows:

1. It is proposed to require registration of substantial security issues privately sold to institutions, such as insurance companies and banks. (Appendix I, Sec. 2 (14)) This proposal would close the doors to any significant corporate financing without SEC interference and control, and has no justification other than the disingenuous assertion that the policyholders and stockholders of the purchasing institutions would somehow benefit through the filing of a voluminous mass of information in the archives of the SEC. The real purpose of the proposal is to impose burdens upon private placements equivalent to the excessive burdens now imposed upon public issues and to thus remove, for the benefit of the big underwriting houses, some of the advantages of a private sale over a public issue.

2. It is proposed to confer upon the Commission power to regulate and control the solicitation of proxies by all companies, except small ones, engaged in interstate commerce or whose securities are traded in by the use of the mails or interstate commerce, in the same way that the Commission now regulates the solicitation of proxies by companies whose securities are listed on an exchange. (Appendix II, Sec. 14.) The purpose of this proposal is to impose burdens upon companies whose securities are not listed on an exchange equivalent to the burdens now imposed upon listed companies. The beneficiaries of this proposal will be the exchanges which have found many companies reluctant to list their securities simply because of the expenses and difficulties involved in compliance with these onerous regulations.

3. It is further proposed to compel all such unlisted and all listed companies to solicit proxies, whether or not they desire to do so. (Appendix II, Sec. 14) The reason for this proposal is that many companies have ceased to send out proxy forms to their stockholders in order to avoid the expense and nuisance involved in soliciting proxies under the SEC's regulations.

4. It is proposed to extend to the officers, directors and 10% stockholders of all companies, except small ones, which are engaged in interstate commerce or whose securities are dealt in by the use of the mails or of interstate commerce, the requirement that they report their security purchases and sales in the same way that officers, directors and 10% stockholders of listed companies must now report their purchases and sales. (Appendix II, Sec. 16) The purpose of this proposal is also to benefit the exchanges by imposing burdens on unlisted companies equivalent to those now imposed on listed companies, because few companies to-day will voluntarily list their securities on account of these burdens.

It is at once apparent that these proposals, if enacted, would tremendously extend the power of the SEC over private enterprise in this country. It is also apparent that these proposals to impose a heavy burden of regulation and governmental control upon a vast segment of American industry are designed primarily to serve the special interests of small groups who may indirectly benefit from these proposals. As every company is but an association of investors who have pooled their funds, the costs and burdens of this regulation and control will, in the final analysis, fall upon the shoulders of these investors. It is submitted that these proposals should be vigorously condemned as contrary to the best interests of industry and the investors in the companies which would thus be subjected to onerous and expensive regulation.

In considering any program to amend the securities laws, certain facts must be borne in mind in order to make a sound appraisal of its merits. The primary fact is that the present laws have, to a considerable extend, discouraged and blocked the flow of capital into industry and, thus, have materially retarded industrial expansion and the development of new enterprises and helped to perpetuate extensive unemployment. Indeed, the shortages in

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SEC Amendments Seen No Help To Business

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industrial capacity and skilled labor which are to-day hampering our national defense program are in part, at least, directly attributable to the operation of these laws as they have been administered by the Securities and Exchange Commission.

The second fact that must be borne in mind is that the impediments to the flow of savings into the expansion of industry are due principally to the way in which these laws have been administered and interpreted by the Securities and Exchange Commission. To anyone who is familar with the awkward forms and the complex rules prescribed by the Commission and acquainted with its numerous unwritten "policies" and "interpretations" of the law, it is obvious that the Commission itself might, if it were so disposed, remove most of the existing obstacles to the free flow of capital into private enterprise without in the least diminishing the protection to investors and without any very substantial changes in the laws. However, before any relief may be obtained along these lines, the philosophy of the Commission must be changed. Clear and specific directions from Congress offer the only hope of bringing about such a salutary change at this time.

The principal obstacles to the financing of industry through the sale of securities to the public are two-fold. These are, on the one hand, the unnecessarily burdensome costs, complexities and delays involved in the registration of securities for sale on the awkward forms and under the bureaucratic procedure dictated by the Commission, and, on the other hand, the throttling of our securities markets by vague and uncertain interpretations by the SEC of indefinite provisions of the law, which has in a large measure destroyed the capacity of our securities markets to absorb any substantial volume of new issues at reasonable prices. Thus, in effect, the capital markets have been closed to industry.

The present law offers no protection against or relief from the undue hardship which may result from arbitrary or unreasonable rules and regulations of the Commission, or from unreasonable or unfair acts or rulings of officers and employees of the Commission, or from the Commission's use of "smear" publicity charging unproven violations of the law in advance of any hearing. Consequently, within its realm, the Commission exercises the powers of an absolute despot with no checks or restraints upon its powers other than its own political and impersonal conscience.

Any program to amend the securities laws must be designed to enforce a reorientation of the philosophy of the Commission, if the amendments are to be effective. Such a program must not only provide restraints upon the arbitrary and capricious exercise of its power, but it must impose upon the Commission the affirmative duty of removing the administrative obstacles to the free flow of private capital into private enterprise and of fostering and encouraging orderly, active, stable and liquid securities markets for the protection of investors.

The SEC-industry proposals fail in a marked degree to satisfy these objectives. They offer no checks upon the rule-making power of the Commission but leave the Commission free to promulgate any regulation, regardless of how unfair, unreasonable or harmful it may be, without any relief from undue hardship for those adversely affected by it. Nor do the proposals provide any relief for persons adversely affected by unreasonable or unfair acts or rulings of officers or employees of the Commission. Nor do the proposals contain any provision which would abolish the vicious practice of releasing "smear" publicity charging violation of the law before any violation is established.

The SEC-industry proposals are devoid of any amendments which would enjoin the Commission to encourage and foster orderly and active securities markets, which are so vital to issuers and investors alike, or which would prevent the Commission from continuing to throttle the securities markets with vague and uncertain regulations and unpredictable interpretations of the law.

The proposals contain one amendment which would alleviate somewhat the burdens involved in the registration of securities for sale to the public. It is proposed that companies which have previously registered an issue of securities may register a new issue by filing an up-to-date prospectus. This proposal will considerably reduce the expense and labor involved in registering new issues of securities after a company has once been through the mill. But it falls short of giving full relief, for a company is still required, when it registers for the first time, to file a voluminous registration statement containing substantially the same statements which appear in the prospectus. There is no reason why this unnecessary duplication should not be eliminated.

The incomprehensibility to investors of the mass of detailed information required by the Commission in the prospectus represents one of the most serious defects in the operation of the present law, but the SEC-industry proposals offer no real solution to this problem. Prospectuses are so voluminous and so replete with technical information that they are confusing and frightening to investors.

The cause of this difficulty is the view taken by the Commission that the law requires *comlete* information as distinguished from *fair and adequate* disclosure. Complete information is of no value to the investor if the essential facts are lost in a mass of verbiage and unimportant facts. Such disclosure, although complete, is inadequate to achieve the purpose of the law, which is to fairly inform investors. Fair and adequate disclosure involves the selection of the significant facts and their presentation in a manner calculated to present a fair and accurate picture.

It is of the utmost importance, therefore, that the Commission be specifically directed to require in the prospectus only such information as is necessary to enable the average investor to form a sound judgment with respect to the security he is being asked to buy. In other words, fair and adequate disclosure which will inform the investor, rather than mere completeness, should be the standard provided by the law. The SEC-industry proposals contain no amendment which would force the Commission to permit shorter, more adequately and fairly informative prospectuses.

Schram, NYSE Head, On Securities Laws

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essential function in our economy." Mr. Schram further said:

We need to safeguard the usefulness of our exchange markets today as never before. I say this because of the great national defense undertaking in which we are engaged and because of the burdens which inevitably will be thrown upon these markets in the post-war reconstruction period. Although the Federal Government is today playing a major role in the financing of our defense preparations, all of us, the Government included, are looking forward to the time when the capital markets will again supply the requirements of our industrial enterprises. We can have no doubt that once our defense emergency is over, the nation will insist that we return to the traditional process of private financing.

It can be clearly demonstrated that there is a relation between the volume of business on the New York Stock Exchange and new public capital stock offerings. I presume that persons more expert than I in securities markets could debate at great length as to whether new issues were responsible for increased volume on our Exchange or whether the activity on our exchange markets was responsible for new capital stock financing. I will not attempt at this time to say which is the hen and which is the egg, but experience shows that we do not have any substantial amount of equity financing unless, at the same time, we have active stock markets on our exchanges.

I wonder if you fully realize the extent of the shrinkage in our securities markets which has taken place since 1935. The reported share volume for the first 9 months of 1941 on the New York Stock Exchange was but 46% of the reported share volume for the first 9 months of 1935. The reported share volume for the first 9 months of this year (1941) is but 69% of the reported share volume for the same period last year (1940). With the exception of 1936, this drying up has been progressive. In spite of extensive retrenchments, the operations of most of our members are still unprofitable and the Exchange itself is operating at a loss.

We are gravely concerned over the future of our exchange markets. Unless the trend in our business is reversed, they cannot survive indefinitely as the efficient organizations which they are today. It seems to me that the Congress and the Securities and Exchange Commission, no less than the securities industry itself, is faced with a problem of the first magnitude. I believe it is the clear duty of all of us to put our shoulders to the wheel in a concerted effort to correct a serious condition. Congress recognized the essential character of our markets when it adopted the Securities Exchange Act in 1934. I know that the weeks of painstaking study which you, or your predecessors, gave to this problem in 1934, were given that you might produce an Act which would not only eliminate the abuses which had crept into our markets, but one which would strengthen our markets as well.

In 1934 your problem was to stamp out certain evils which had developed in our exchange markets and to prevent the absorption of too large a portion of our national credit. The situation that existed then has been corrected. Today your problem, as I see it, is one of preserving our honest and efficient exchange markets and of encouraging their operation on a sound basis, in the public interest. I am confident that, with the helpful cooperation of Congress and of the Securities and Exchange Commission, our exchange markets can survive and attract the capital necessary for their operation.

All of us have a part in this effort. For their part, the exchanges must continue to maintain markets in which investors can have confidence and in which they may purchase and sell their securities at a reasonable service cost. We must see to it that these markets can continue to operate in times of stress. These markets must continue their close supervision of the conduct of their members. These are the markets which require full disclosure of information upon which buyers and sellers of securities may base their judgment. These are the markets which give full publicity to the prices at which securities are bought and sold. These are the markets which disclose the volume of transactions for the information of buyers and sellers.

The Securities and Exchange Commission, for its part, must exercise general supervision over the markets with the least possible interference with honest business, and we ask that the Congress, for its part, give public recognition to the fact that our exchange markets today are a vital factor in our economy and that they are honestly and capably administered.

As I see it, the effectiveness of any securities law passed by Congress must depend not so much upon what is written into the statute as upon its administration. I believe that the strongest ally which the Securities and Exchange Commission can have in the administration of the securities laws, is an industry which, capably managed, is encouraged to assume the responsibilities of regulation and which is, therefore, willingly cooperative. With the Commission and the industry working together in this spirit, the solution of our problems will not be difficult. I say this out of my own experience as Chairman of the Reconstruction Finance Corporation, and as one who can claim some acquaintance with the processes of Government administration.

The proposals which the representatives of the securities industry have made for amendments to the Securities Acts are based solely on the belief that they will help to enable our markets to continue to operate not only honestly and soundly, but also efficiently, in the public interest. Let me assure you that the exchanges are fully aware that any securities market which does not operate in the public interest cannot and should not survive.

At the start of his statement Mr. Schram said:

Having but recently become a member of the Stock Exchange community, I feel that I am in a position to present, with some sense of detachment, my views with respect to the legislation which is before you.

No doubt many who are not intimately acquainted with our securities exchanges have, from time to time, asked themselves, as I have done, whether these exchanges are a necessary part of our national economy. Before accepting the Presidency of the New York Stock Exchange, I wanted an answer to that question and I wanted the right answer. In fact, I made up my mind that I would not take the Presidency of the Exchange unless I was convinced that it was a useful institution—and I meant useful in the broadest sense.

I had heard it said, as you no doubt have, that the exchange markets do not supply industry with new money, this being the function of the investment banking business. It became apparent to me, however, that this statement was but a half truth. It was clear to me, from my own experience, that a person's desire or willingness to put his money into a security is dependent upon his ability to dispose of that security readily or to borrow on it should necessity arise.

Although the investment banking industry has built up an efficient mechanism for the sale of securities, that mechanism alone is not sufficient for the complete process of distribution. Generally speaking, when the primary distribution has been completed an issue of securities is in the hands of a limited body of holders who, by and large, are willing to invest in new enterprises, or in securities which have not had a widespread public market. As time goes on and as these securities become seasoned, the inclination of such holders is to dispose of their holdings and to seek further new ventures in which to put their money. This is a wholesome development since it facilitates the flow of funds into industry.

One of the prime attributes of an investment security is marketability. No prudent individual investor would buy a new security if he knew that he could not readily realize upon it. Once his funds had been tied up in such a security, he would serve no further economic purpose as an investor. It is through the mechanism of our exchange markets that security issues become seasoned and widely held.

As I see it, the function of our exchanges is to provide security holders with a market in which their security investments will constantly be appraised and re-appraised, and in which security holders may dispose of their investments at any time at current prices. It is this quality of marketability which, in addition to other qualities, makes listed securities attractive as investments and which is responsible for the willingness of banks and others to lend money on such securities. Without our exchange markets, I do not think that our security distributing machinery could long survive. Indeed, I will go so far as to say that without this machinery—I mean the whole process—the institution of private property, as we have known it, would be seriously impaired.

Mr. Schram, who was formerly Chairman of the Reconstruction Finance Corporation, assumed his new duties as President of the Stock Exchange on July 1, as was noted in our July 5, issue, page 44.

N. Y. S. E. Borrowings

The New York Stock Exchange announced Nov. 3 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Oct. 31 aggregated $444,162,810, an increase of $27,030,507 as compared with the Sept. 30 total of $417,132,303. The Exchange's announcement follows:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Oct. 31, 1941, aggregated, $444,162,810.

The total of money borrowed, compiled on the same basis, as of the close of business Sept. 30, 1941, was $417,132,303.

Results Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on Oct. 31 that the tenders for $150,000,000, or thereabouts, of 91-day Treasury bills, to be dated Nov. 5 and to mature Feb. 4, 1942, which were offered on Oct. 29, were opened at the Federal Reserve Banks on Oct. 31. The following details of this issue are revealed:

Total applied for ___ $199,998,000
Total accepted ______ 150,038,000
Range of accepted bids:
High—100.
Low—99.944. Equivalent rate approximately 0.222%.
Average Price—99.962. Equivalent rate approximately 0.151%.
(52% of the amount bid for at the low prices was accepted.)

There was a maturity of a similar issue of bills on Nov. 5 in amount of $100,232,000.

The results of the previous week's offering of $150,000,000 of 91-day bills, dated Oct. 29 and maturing Jan. 28, 1942, which were offered on Oct. 24, were given as follows by Secretary Morgenthau on Oct. 27:

Total applied for _____ $269,407,000
Total accepted ______ 150,010,000
Range of accepted bids (excepting one tender of $10,000):
High—100.
Low—99.973. Equivalent rate approximately 0.107%.
Average Price—99.983. Equivalent rate approximately 0.067%.
(73% of the amount bid for at the low price was accepted.)

There was a maturity of a previous issue of Treasury bills on Oct. 29 in amount of $100,015,000.

The weekly offering of Treasury bills was increased to $150,000,000 on Oct. 17 in order to provide the Treasury with an extra $50,000,000 in cash.

The results to this first $150,000,000 offering of bills, dated Oct. 22 and to mature on Jan. 21, 1942, were announced on Oct. 20 by Mr. Morgenthau, as follows:

Total applied for _____ $303,852,000
Total accepted _______ 150,185,000
Range of accepted bids:
High—100.
Low—99.939. Equivalent rate approximately 0.044%.
Average Price—99.994. Equivalent rate approximately 0.024%.
(71% of the amount bid for at the low price was accepted.)

The bill maturity on Oct. 22 aggregated $100,127,000.

Following are the results of the last $100,000,000 offering of bills (dated Oct. 15 and maturing Jan. 14, 1942), as announced by the Secretary on Oct. 10:

Total applied for _____ $217,616,000
Total accepted ______ 100,207,000
Range of accepted bids:
High—100.
Low—99.999. Equivalent rate approximately 0.004%.
Average Price—99.9998. Equivalent rate approximately 0.001%.
(38% of the amount bid for at the low price was accepted.)

There was a maturity of a previous issue of Treasury bills on Oct. 15 in amount of $100,337,000.

The most recent item bearing on Treasury bill offerings appeared in our issue of Oct. 16, page 621.

Purchases Bank Offices

Former President Trujillo of the Dominican Republic on Oct. 24 issued a statement to the effect that the government of the Dominican Republic had purchased the Dominican Republic head office and five branches of The National City Bank of New York in that country. The head office is located in Ciudad Trujillo and the five branches are as follows: Barahona, La Vega, Puerto Plata, San Pedro de Macoris and Santiago de los Caballeros.

THE BOND SELECTOR

Encouraging Outlook For Oil Companies Focuses Attention On Convertible Bonds

Perhaps the most favorably situated industry under present and prospective future conditions is the oil industry. Due to heavy demand which is coupled with a firm price structure, full year earnings of the major companies will be well above those reported in 1940. Market action of the oil stocks in recent months has succeeded in marking this group the favorite, and the well-known inflation angle has probably had as much to do with this factor as any other.

For the interest of those of the bond fraternity who desire some representation in the future prospects of this industry we review briefly this week three convertible bonds. These are Continental Oil Co. debenture 2¾s, 1948, Phillips Petroleum Co. debenture 1¾s, 1951, and Richfield Oil Co. debenture 4s, 1952.

Continental is a completely integrated company with production substantially in excess of refinery requirements. Net crude reserves, estimated at 400 million barrels (85 bbls. per share) or about 17 years' supply at current rate of production, are located in California, Texas, New Mexico, Kansas, Louisiana and Wyoming.

The Continental 2¾s, 1948, are outstanding in the amount of $21,071,600 and constitute the sole funded debt. The bonds are convertible into common stock at $30 per share up to Dec. 15, 1943, and at $40 per share thereafter until maturity. They are callable on 40 days' notice as a whole or in amounts of not less than $1,000,000 at 103½ to Dec. 15, 1941; at 102 to Dec. 15, 1944; at 101 to Dec. 15, 1947, and at 100 thereafter. At present the bonds sell at 103½ to yield 2.20% and the stock at 25½. Latest reported earnings show fixed charges covered 13.18 times. Net earnings per share of common for the first six months of 1941 were $0.82. At June 30th last, net current assets per debenture outstanding were equivalent to $1,395. There is a possibility that these bonds may be called during the early part of November, since the redemption price drops to 102 after Dec. 15th.

Phillips is another integrated company with crude production substantially in excess of refinery requirements. It also is the leading manufacturer of natural gasoline and the largest supplier of natural gas for carbon black. Net crude reserves are estimated at 350 million barrels (77 bbls per share) or 15 years' supply at current rate of production, of which over 75% are in Texas and Oklahoma.

Outstanding in the amount of $20,000,000, the Phillips Petroleum 1¾s, 1951 are convertible into the company's common stock at $45.50 per share to Jan. 1, 1946, and thereafter to maturity at $50.50. Until Dec. 31, 1941, the debentures are callable at 102½ and at ¼ point less each calendar year thereafter until the end of 1945; thereafter at varying prices. Currently the bonds sell at 104¾ and the stock at 44½, or one point below the conversion price. In addition to these convertible debentures, there are outstanding $15,000,000 of serial notes to 1951. At Dec. 31, 1940, interest was earned overall 12.24 times, and net current assets per $1,000 of debt amounted to $829. For the first six months of 1941, earnings per share of common stock were $1.85. Maturity yield on the debentures at 104¾ is 1.20%.

Richfield Oil, controlled jointly by Consolidated and Cities Service, is engaged in all phases of the oil industry on the Pacific Coast, with major emphasis, however, on refining and marketing. Net crude reserves, all in California, are estimated at 130 million barrels (33 bbls. per share), or over 20 years' supply at recent rate of production.

The Richfield Oil 4s, 1952, are outstanding in the amount of $9,100,000. Up to and including Mar. 14, 1943, the debentures are convertible into common stock at $17.50, and thereafter to Mar. 14, 1947 at $20 per share. The bonds are callable at 105 to Mar. 14, 1942; at 102½ to Mar. 14, 1947, and at ½ point less each year thereafter. At the present time, the bonds sell at 104½ and the stock at 10¼. At June 30, 1941, interest coverage on these bonds amounted to 13.02 times. At the same date, net working capital per $1,000 of outstanding debentures amounted to $3,059, so representing unusual net current asset coverage. At 104½ the bonds yield 3.47%. Latest per share earnings amount to $0.46 for the first half of 1941.

The accompanying tabulation shows price ranges of the bonds described above together with the common stock of the three companies since 1938.

PRICE RANGES

	Recent Price	1941	1940	1939	1938
Continental—					
Bonds	103½	107 -102¾	110⅝-103⅞	114⅝-103½	109 -108¾
Stock	25½	26¾- 17⅜	25 - 16⅛	31½- 19⅞	35¾- 21¼
Phillips—					
Bonds	104¾	105¾- 99⅛	*	*	*
Stock	44½	46 - 35¾	41¾- 27⅛	46½- 31¼	44⅜- 27¼
Richfield—					
Bonds	104½	107 -104¼	109 -103½	110 -100¾	107 - 89½
Stock	10¼	12⅛- 7¼	9¼- 5⅞	10¼- 6⅝	9⅞- 5

*Offered to stockholders at 100, Jan. 10, 1941.

WHISPERINGS

Emil Roth (& Co.) is a floor trader with a nose for a good trade, preferably a quick one. One day the opportunity for what he considered a good buy in second-hand cars was a little too much for him to resist. So he bought it. The following day he invited a fellow floor trader to drive home with him. They set off to the accompaniment of various and sundry rattles and wheezes. Whenever the car crossed some bumps it sounded as if it would fall apart. When they reached their destination Emil turned to his companion and said: "Swell car, isn't it? You'd never guess I bought it second-hand, would you?" "Nope," was the answer. "I thought you made it yourself."

From the Pacific Coast we learn that a group of film moguls were meeting Lord Mountbatten as their banquet guest. Somebody had told them that this cousin of British royalty and captain in the Royal Navy always wore his decorations on formal occasions. And this was certainly, they reasoned, a formal occasion. So not to be outdone the movie tycoons bedecked themselves with medals too. Few had any important decorations to pin on their swelling chests so they used all kinds of badges and medals. Some of these were prizes from bridge tournaments, athletic feats, bowling, convention orders, etc. In any case they made a proud appearance standing there in their cutaways, high silk hats and their "decorations. In due time the car bearing Lord Mountbatten appeared, pulled up and out stepped the gentleman wearing an old suit of tweeds and nary a medal.

We stepped into a brokerage office the other afternoon and visited with one of the partners. At one time the door to the adjoining office opened and we saw his partner reclining on the couch snoring away for all he was worth. "He must be awfully tired," we observed. "Sure he is," snorted our host. "He's now holding two positions—he sits up all night in night clubs, and lies down all day at the office."

Torr Enjoined

John M. Torr and Mabel L. Torr, his wife, co-partners in Torr & Co., 60 New Street, New York City, have been enjoined permanently from dealing in securities in the State of New York. The partners consented in the judgment, according to Ambrose V. McCall, Assistant Attorney General.

Torr & Co. had been investigated by the Attorney General's office on charges that they had failed to keep accurate records, had made "unconscionable, unfair and fraudulent profits," and that shares in a syndicate had been sold by them while incorrectly stating that no funds would be expended until the aggregate sum of $25,000 had been raised. Mr. Torr and a partner, Rudolph P. Mills, in 1938 were found to have violated the Securities and Exchange Act by Judge John M. Woolsey in United States District Court.

The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

If You Want New Customers Ask For Favors

The sage of old said, "The only men without vanity are dead men." Flattery is one of the most potent tools that any salesman can use. Skilfully applied it is irresistible. Blunder when you use it and it can become a damaging bomerang.

There is one method of using indirect flattery, however, that is almost 100% safe. That is, ASK FOR FAVORS. People like to do things for others. Especially, if it is something that requires a small amount of effort and at the same time shows off superior skill or knowledge.

Ask a man about his business—watch him open up. If he is interested in golf, ask him how he holds his driver. Does he pride himself on his knowledge of world affairs—ask his opinion on some current topic. Notice the inner pleasure he appears to radiate as he gives you his opinion.

Now, let us apply this simple fundamental trait of human nature to the business of selling securities. Mr. Salesman calls upon Mr. Prospect. At first Mr. Prospect is wary, he is aloof, at best "he is from Missouri." Mr. Salesman is aware that before he can even think of doing business, he must first create a feeling of good will between himself and the prospect.

Naturally, the first call is always on a get-together basis. In that first meeting, the salesman strives to make his good "first impression." He stresses the research facilities at his command, the time and study his firm puts into situations before they recommend them to their clientele, and he also uncovers his prospect's business interests and hobbies.

A few weeks later, the salesman again telephones or calls in person upon his new prospect. In this call, he asks for a favor. He asks for information. For instance, Mr. Prospect may be a machine tool jobber. Our salesman states that his firm is making a study of a certain machine tool company. Does Mr. Prospect know of them? If so, what does he think of their management, their position in the trade, the outlook for the industry, etc., etc. If not, can he get an opinion, or can he think of a friend who could be of assistance. Watch what hapens. If properly followed up, such a procedure will definitely break down scepticism and initial coolness toward a salesman.

This suggested procedure is a very valuable sales aid. It can also be used as an excellent method of corollary research by an alert salesman. There are several very successful salesmen who are known to this column that keep an indexed record of different individuals who can give them information of importance on many different businesses. When they need them, they don't hesitate to call for help. Their friends like it.

If you'll help me
My friend you'll be.
If I help you
We may be through.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 915)

treme. Such conditions are natural. At the top of a bull swing everybody is long and therefore everybody is cheerful. At the bottom, or close to a bottom, of a market everybody has either given up in disgust, or is grimly holding on expecting nothing but the worst.

* * *

In the present and recent market this condition was and is if anything magnified. This too is understandable. All you have to do is to read your daily papers and you will see the reason.

* * *

We have been closely identified with the anti-Nazi group for so long that any victories reported by it—or conversely defeats shown for the Allies—is certain to have a dampening effect. And while I'm on the subject allow me to point out that further bad news from Russia is almost a certainty, though the market has discounted some of it; similarly the Japanese fist shaking has probably been taken into account by the market. The only thing the market has not discounted is our official entrance into the war. But that is another thing and I'll think about that when it happens.

On the domestic front the news of Congressional action on the Neutrality Act is dominant. From a market angle this is important only in that our shipping will be permitted to enter ports long closed to it. Naturally there will be sinkings but shippers will charge enough to take care of that. The other important development is the result of the Emergency Fact Finding Board. Naturally I don't know if its rail wage recommendations will be favorable (from a market angle) still a 10% salary boost won't hurt most rails as much as you might think. Anyway the market action of the rails doesn't seem to indicate it.

* * *

If figures don't bore you, here are a few you might keep in mind. If a 10% average over all wage boost is recommended it will take about $3.60 from an expected annual Atchison income of about $8.50, $3.30 from Atlantic Coast Line's $10 annual figures, $3 from N. Y. Central's estimated $5 earnings, $3 from Southern Pacific's estimated $9 and about $3.50 from Union Pacific's expected yearly $8 earnings.

Now to get back to the technical action of the market and why I think it is headed higher. Since last week the market has continued to dawdle. There was only one minor reaction, caused, I believe, by the news of the sinking of the Reuben James. Yet on this sell off the market showed enough ability to take stock without falling flat on its face. It was also apparent that on this decline volume dried up and the number of stocks participating in it dwindled, but more important a greater number of stocks showed an ability to snap back.

* * *

I believe all these are straws in the wind pointing to a turnabout which may be set off by a single isolated occurrence. Having told you that I now believe the market is headed up allow me to add that I don't think this reversal will be the beginning of a major up turn. There are still too many imponderables in the way. But I do think the market is building up, for say a rally of seven to 10 points, and that isn't to be snickered at.

* * *

Meanwhile you are still holding Bendix at 37, N. Y. Shipbuilding at 15 and Warner at 5. Hold positions.

* * *

Suggest adding following: U. S. Steel between 53 and 53½. Stop at 49 and hold for 60 or better. Gulf, Mobile & Ohio pfd. buy at 20 or better. Stop at just under 18 and hold for 28-30.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Rea Of N. Y. Curb Sees Proposed Changes In Securities Acts As In Public Interest

George P. Rea, President of the New York Curb Exchange, appearing on Oct. 30 before the House Committee on Interstate and Foreign Commerce (which has been considering views anent the proposals to amend the Securities laws), stated that "we are convinced that the changes in the Acts which we are proposing are in the public interest. If we doubted this, it would be both stupid and suicidal to make them." In his statement Mr. Rea also said:

The Acts of '33 and '34 were passed when the memory of recent speculative excesses was vivid, and looking back toward a period which is now some 12 years in the past.

Not only has there been no comparable recurrence of such speculative enthusiasm but the industry feels strongly and sincerely that the Acts have gone so far as to make normal conduct of its business impossible.

On the other hand, the Securities and Exchange Commission in its point of view naturally emphasizes that it is a restraining body and not a constructive force.

It is for your Committee to weigh the factors, to consider the evidence and to conclude what is best for the public.

Today the private financing of industry faces a crucial test. It has disappeared in the totalitarian countries. That it may be given a fair chance to show what it may accomplish in our necessity is what the industry asks of Congress.

Preceding his remarks just quoted Mr. Rea also had the following to say in part:

We are asking you to review and consider two statutes around which there has developed a vast growth of rules, regulations, practices and experiences. These regulations and practices constitute the Federal Government's contribution to the rules relating to the use of our market places.

I am, naturally, primarily concerned at these hearings with the business of exchanges generally and with that of the New York Curb Exchange in particular.

In respect to exchanges, the rules which will be discussed will deal with information about the securities which are bought and sold on exchanges. They will deal with the way purchases and sales may be made on exchanges. They will also deal with broad grants of power over exchanges which has been made in the past to, and additional powers which are now sought by, one of your administrative bodies, the Securities and Exchange Commission.

Before plunging into the forest and looking at individual trees, I urge you to look at the whole stand of timber. I ask you to realize its value to the entire territory in which it grows—to consider its general health and what that means to the future of that territory. I believe, with such a perspective established, one can better diagnose both the internal and external ills and proceed to discuss cures.

Only Part of Securities Business

The exchanges are only a part of the whole securities business. The thousands of corporations, partnerships, officers, managers,

(Continued on page 927)

ANNOUNCEMENT

THE TEXAS COMPANY

(a Delaware corporation)

135 EAST 42nd STREET, NEW YORK

THE Texas Corporation, in order to simplify its corporate structure and to promote greater efficiency and effect economies, has undergone a reorganization, the chief result of which is that the Corporation, in addition to its present functions, will carry on those operations formerly conducted by the Corporation's two chief subsidiaries, The Texas Company, a Delaware corporation, and The Texas Company, a California corporation. To accomplish this end, The Texas Corporation has merged into itself The Texas Company (Delaware) and has caused The Texas Company (California) to be dissolved. The Texas Corporation has acquired all of the assets and assumed all of the liabilities of both companies AND WILL HEREAFTER BE KNOWN AS THE TEXAS COMPANY.

Transactions in stock of the Company after November 1, 1941, may be made in the same manner as formerly but under the name of

THE TEXAS COMPANY

Stock certificates to be issued by the Company after November 1, 1941, and until January 1, 1942, will be in the old name but will bear a legend indicating the change in name. Beginning January 1, 1942, stock certificates will be issued bearing the new name.

Certificates in the new name will not be ready for delivery prior to January 1, 1942. Stockholders are requested not to send their certificates in for exchange prior to that date, but promptly after January 1, 1942, all stock certificates should be sent to the Company for exchange for certificates bearing the new name. For this purpose, no endorsement will be required on the old certificates and no charge will be made by the Company for such exchange. Certificates should be sent to The Texas Company, Stock Transfer Office, 135 East 42nd Street, New York, N. Y.

No change will be made in the form of the Company's outstanding debentures, or in the manner of selling or exchanging such debentures.

THE TEXAS COMPANY

W. S. S. RODGERS, *President*

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, NOV. 9

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value

Address — Stevens-Harle Bldg., Durant, Okla.

Business—Engaged in the oil business, buying, selling oil and/or gas leases; owns and operates certain oil and gas leases and equipment in Brown and Jack Counties, Tex.

Underwriters—None

Offering—The shares will be offered to the public direct by company, at $5 per share

Proceeds will be used for drilling of 5 additional wells, the equipping of a certain lease, and for working capital

Registration Statement No. 2-4864. Form A-1. (10-21-41)

TUESDAY, NOV. 11

PIERCE BUTLER RADIATOR CORP.

Pierce Butler Radiator Corp. has registered with SEC 120,000 shares 5% cumulative convertible preferred stock, $2.50 par value; and 120,000 shares of $1 par common stock, latter reserved for conversion upon issuance of the preferred

Address—701 Nichols Ave., Syracuse, N. Y.

Business—Engaged in manufacture and sale of heating boilers and radiators, steam heating and high pressure boilers, Unaflow engines, radiator valves, boiler gauges and thermometers

Underwriters—None

Offering—The preferred stock will be offered for subscription to stockholders, at par. Unsubscribed portion will be purchased by Max Kalter, director of company, on behalf of a syndicate which he represents. Subscription price is $2.50 per share

Proceeds will be used for payment of certain outstanding bank loans and notes

Registration Statement No. 2-4865. Form A1. (10-23-41)

WEDNESDAY, NOV. 12

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

THURSDAY, NOV. 13

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

SATURDAY, NOV. 15

SEVENTY-NINTH AND RACINE BUILDING CORP.

Lucius Teter, et al, voting trustees of Seventy-Ninth and Racine Building Corp., registered with SEC voting trust certificates for 2,961 shares of common stock, no par

Address—Trustees: 135 S. LaSalle St., Chicago

Business—The corporation owns and operates a commercial building consisting of stores, offices, and apartments, located at the southeast corner of 79th st. and Racine Ave., Chicago, Ill.

Offering—The voting trust certificates are to be issued to holders of corporation's common stock, under a proposal to extend the existing voting trust agreement, which terminates Nov. 23, 1941, to Nov. 23, 1951.

Registration Statement No. 2-4868. Form F1 (10-27-41)

MONDAY, NOV. 17

INVESTORS MUTUAL FUND, INC.

Investors Mutual Fund, Inc., registered with SEC investment certificates representing an equitable interest in the following two classes of Special Stock of company: (I) Investors Diversified Fund: (a) 60 units of $1,200 each of Monthly Payment Certificates without life insurance protection permitting aggregate payments of $720,000; (b) 400 units of $1,200 each of Monthly Payment Certificates with life insurance protection permitting aggregate payments of $480,000; and (c) 2,000 units of $250 each of Full Paid Certificates requiring aggregate payment of $500,000; (II) Investors Corporate Fund: (a) 600 units of $1,200 each of Monthly Payment Certificates without life insurance protection permitting aggregate payments of $720,000; (b) 400 units of $1,200 each of Monthly Payment Certificates with life insurance protection permitting aggregate payments of $480,000; and (c) 2,000 units of $250 each Full Paid Certificates requiring aggregate payments of $500,000.

The number of shares to be issued of the classes of Special Stock designated as Investors Diversified Fund and Investors Corporate Fund, respectively, are indeterminable in advance. However, shares of each class of Special Stock will be issued in such amounts as are necessary to meet the investment requirements of Investors whose Net Payments upon the Certificates covered by this registration statement will be applied to the purchase of such shares of Special Stock from time to time. The Shares will be first issued at $10 each, then at net asset value

Address—1016 Baltimore Ave., Kansas City, Mo.

Business—Investment trust

Underwriters—Investors Fund, Inc.

Proceeds for investment purposes

Registration Statement No. 2-4869. Form A1 (10-29-41)

PANAMA COCA-COLA BOTTLING CO.

Panama Coca-Cola Bottling Co. registered with the SEC 33,750 shares common stock $1 par

Address—19-A Avenue Jose Francisco de la Ossa, Panama, R. de P.

Business—Engaged in business of bottling Coca-Cola and other carbonated beverages and in manufacture of ice-cream and ice, all of which are sold wholesale in the Republic of Panama and in the Canal Zone

Underwriters—Elder & Co., New York, is the sole underwriter

Offering—The shares will be offered to the public at $12.50 per share; underwriting commission is $2.50 per share

Proceeds—Will be used to increase the company's working capital

Registration Statement No. 2-4870. Form S-2 (New Form) (10-29-41)

ROHR AIRCRAFT CORP.

Rohr Aircraft Corp. registered with the SEC 200,000 shares of capital stock, $1 par value

Address—Chula Vista, Cal.

Business—Manufacture and sale of parts for aircraft pursuant to subcontracts with and purchase orders from Consolidated Aircraft Corp. and Lockheed Aircraft Corp.; parts manufactured are in following categories: cowling, power plant assemblies, boom doors and bomb rack adapters

Underwriting—Lester & Co., Los Angeles, Cal., is the sole underwriter

Offering—Of the 200,000 shares registered, 135,000 will be offered for the account of the company and the remaining 65,000 shares (already issued and outstanding) will be offered for the account of the owner thereof, Consolidated Aircraft Corp. Such 200,000 shares will be offered to the public at $4.40 per share; underwriting commission is 88 cents per share

Proceeds to company from sale of the 135,000 shares will be used as follows: $125,000 for contemplated advance payments to sub-contractors; $262,500 to discharge the unpaid portion of Federal income and excess profits taxes for fiscal year ended July 31, 1941; and $73,700 for increase of inventories

Registration Statement No. 2-4871. Form A1 (10-29-41—San Francisco)

TUESDAY, NOV. 18

HIRAM WALKER-GOODERHAM & WORTS LTD., and HIRAM WALKER & SONS, INC.

These two companies jointly filed a registration statement with the SEC for $15,000,000 of Serial Debentures, due $1,000,000 each Nov. 1, 1942 to 1956, inclusive. The interest rates will be supplied by amendment. The Debentures are to be the joint and several obligations of the above two companies, and are to be payable in United States currency

Addresses—Hiram Walker-Gooderham & Worts Ltd., Walkerville, Ontario, Canada

Hiram Walker & Sons, Inc., 4450 Penobscot Bldg., Detroit, Mich.

Business—Hiram Walker-Gooderham & Worts, Ltd., is a holding company, owning directly or through subsidiary companies, including the American company, Hiram Walker & Sons, Inc., all or a majority of the voting stock of various companies engaged in business of producing, warehousing, bottling, buying, selling, importing, exporting or otherwise dealing in alcoholic products for beverage and industrial purposes, and the by-products thereof

Underwriting — Smith, Barney & Co., New York, is named as the principal underwriter. Names of the other underwriters will be furnished by amendment.

Offering—The debentures will be offered to the public, at prices to be supplied by amendment

Proceeds will be received by the American company, Hiram Walkers & Sons, Inc., and applied by it as follows: (a) $3,821,940 to the redemption on Dec. 9, 1941, of the outstanding $3,747,000 of Ten-Year 4¼% Convertible Debentures of the two companies, at 102; (b) the balance to the payment of certain bank loans incurred jointly and severally by the two companies from Guaranty Trust Co., New York

Registration Statement No. 2-4872. Form A2. (10-30-41)

THURSDAY, NOV. 20

MARMON-HERRINGTON CO., INC.

Marmon-Herrington Co., Inc., registered with SEC 150,000 shares common stock, $1 par value

Address—1511 W. Washington St., Indianapolis, Ind.

Business—An outgrowth of the truck department of the former Marmon Motor Car Co., company is engaged in the manufacture, assembly, sale of heavy duty trucks, Ford conversion units, tracklaying tractors, military combat vehicles and other special military equipment. Unfilled orders of company totaled $23,712,126 on Oct. 20, 1941, of which a large portion are for track-laying military combat vehicles of various types, the production of which is just getting under way

Underwriting—All of the 150,000 shares registered are already issued and outstanding, and are to be purchased from three selling stockholders by Brown, Schlessman, Owen & Co., Denver, Colo., at $8 per share. Underwriter may form an underwriting group for the stock

Offering—The shares will be offered to the public at a price of $10 per share

Proceeds will be received by the three selling stockholders

Registration Statement No. 2-4873. Form A2. (11-1-41)

SATURDAY, NOV. 22

SAN DIEGO GAS & ELECTRIC CCO.

San Diego Gas & Electric Co. registered with the SEC 246,750 shares of common stock, $10 par value

Address—861 Sixth Ave., San Diego, Cal.

Business—An operating public utility company, supplying electricity and natural gas service in and adjacent to city of San Diego, Cal.

Underwriters—Blyth & Co., Inc.

Offering—The shares will be offered to the public, at a price to be supplied by amendment.

Proceeds will be added to company's treasury funds and will be used for capital additions made and to be made, also possibly for discharge of bank loans

Registration Statement No. 2-4874. Form A2 (11-3-41 San Francisco)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered to public, at price to be supplied by amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

AIRPLANE MANUFACTURING & SUPPLY CORP.

Airplane Manufacturing & Supply Corp. registered with SEC 69,000 shares common stock, $1 par

Address—Lockheed Air Terminal, Burbank, Cal.

Business—Purchase, service and sale of airplane equipment

Underwriters—G. Brashears & Co., Los Angeles, Cal.

Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale Underwriting commission on the 86,233 shares of 25 cents per share

Proceeds will accrue to the selling stockholders

Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

Effective—3 p.m. E.S.T. Sept. 17 as of 4.45 p.m. Sept. 6, 1941

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC

Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock no par

Address—1201 East Grand Street, Elizabeth, N. J.

Business — Development of automatic telephone dialing devices

Underwriter—None. Stock will be sold through registered brokers and dealers

Offering—Public offering price, $3 per share, underwriting commission 75 cents per share

Proceeds—For engineering and development expenses and working capital

Registration Statement No. 2-4752. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc. Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22 as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

BRIDGEPORT BRASS CO.

Bridgeport Brass Co. registered with SEC 25,486 shares cumulative convertible preferred stock, $100 par; and indeterminate number of shares of no par common stock (including scrip certificates for fractions of shares), such common stock to be reserved for issuance upon conversion of the convertible preferred stock. Dividend rate of the preferred stock will be supplied by amendment.

Address—30 Grand St., Bridgeport, Conn.

Business—Company purchases and processes copper, zinc and other non-ferrous metals and manufactures and markets brass and other non-ferrous metal alloys in various forms.

Offering—The preferred stock will be first offered to holders of company's common stock of record Oct. 24, 1941 (or, in certain circumstances, at a later date on or before Oct. 28, 1941) for subscription on the basis of one share of preferred stock for each 37 shares of common stock held. Subscription price will be supplied by amendment. The subscription offer expires approximately Nov. 5, 1941.

Underwriting—Any shares of preferred stock not subscribed to under above subscription offer, will be purchased by underwriters and sold to public, at price to be supplied by amendment. Names of underwriters, and the percentages of such unsubscribed stock to be purchased by each, are as follows (all of New York, N. Y., unless otherwise indicated):

	% of Unsub. Pfd. Stk. to be Purchased
G. M.-P. Murphy & Co.	21.525
Stone & Webster and Blodget, Inc.	15.695
Union Securities Corp.	12.752
W. E. Hutton & Co.	10.790
Hornblower & Weeks	9.809
Hemphill, Noyes & Co.	7.847
Kidder, Peabody & Co.	5.886
Spencer, Trask & Co.	5.886
Bosworth, Chanute, Loughridge & Co., Denver	3.924
Reynolds & Co.	3.924
Auchinloss, Parker & Redpath, Wash., D. C.	1.962

Proceeds—Proceeds, plus other funds of company, will be applied to payment of outstanding $2,874,000 3% notes of company, requiring $2,917,110.

Registration Statement No. 2-4857. Form A-2. (10-10-41).

Effective 3 P.M., E.S.T. on Oct. 21, 1941.

Amendment—Filed disclosing that preferred stock will bear dividends at the rate of 5½% per annum and that the shares will be first offered to common stockholders of record Oct. 24, 1941, for subscription at $105 per share, at the rate of one share of the preferred stock for each 37 shares of common stock held. Subscription offer will expire on Nov. 5, 1941. Unsubscribed shares will be offered to the public at a price of $105 per share by underwriters, who will receive a commission from the company of $2 per share on all of the 25,486 shares of preferred stock plus an additional $2 per share on all of such shares actually purchased by them

BULLION, INC.

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par

Address—1st Nat'l Bank Bldg., Deadwood, South Dakota

Business—Gold mining

Underwriter—None

Offering—Preferred will be offered at $1 per share, and common at 10 cents per share

Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital

Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

Effective—4:45 P.M., E.S.T. on Sept. 23, 1941 as of 4:45 P.M., E.S.T., Aug. 10, 1941.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

Calendar of New Security Flotations

CROCKER MC ELWAIN CO.

The Voting Trustees of Crocker McElwain Co. registered with the SEC voting trust certificates, to be issued in exchange for a like number of shares of 1,684 shares of 7% preferred stock, $100 par, and 15,000 shares of common stock, $100 par.

The voting trust certificates provide that the voting trust shall continue in effect until Sept. 2, 1944, unless terminated earlier. Unless terminated according to its terms, the voting trust will continue until Sept. 2, 1947.

Voting trustees are Elmer C. Tucker, Ralph H. Morrill, and Joseph K. Holmes.

Address—642 Main St., Holyoke, Mass.

Business—Company is engaged in manufacture and sale of paper, with its mill located in Holyoke, Mass.

Registration Statement No. 2-4858. Form F-1. (10-11-41).

EATON & HOWARD BALANCED FUND

Eaton & Howard Balanced Fund registered with SEC 500,000 Trust Shares

Address—25 Federal St., Boston, Mass.

Business—Investment Trust

Offering—The shares will be offered to the public, at the market

Underwriters—Eaton & Howard, Inc., Boston

Proceeds—For investment

Registration Statement No. 2-4860. Form A2 (10-15-41)

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.61 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅓ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅓ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.

MOORE-McCORMACK LINES, INC.

Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 235,000 shares of common, $1 par

Address—5 Broadway, New York City

Business—Operation of vessels in South American trade

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

Proceeds—None of the proceeds will be received by the company

Registration Statement No. 2-4715. Form A-2 (3-29-41)

MUTUAL TELEPHONE CO.

Mutual Telephone Co. registered with SEC 100,000 shares capital stock, $10 par.

Address—1128 Alakea St., Honolulu, Oahu, Territory of Hawaii.

Business—Company is an independent public utility furnishing telephone service on the Islands of Oahu, Hawaii, Maui, Kauai, and Malokai, Territory of Hawaii, adio telephone service between said Islands and certain ships at sea, and also wireless telegraph service between Oahu, Lanai, Hawaii, Maui and Malokai.

Underwriters—There is no underwriting in connection with this offering.

Offering—Company is offering the 100,000 shares for subscription at $10 per share to its stockholders of record Oct. 15, 1941, by offering one share for each 4 shares then held. Subscription offer expires Dec. 20, 1941. Full shares of such stock, representing fractional interests and also shares called for by warrant to be issued to stockholders, which are not exercised, will be sold at public auction in Honolulu to highest bidder therefor not later than Dec. 27, 1941, and proceeds from the auction sale in excess of $10 per share (after deduction expenses of auction) will be distributed pro rata to stockholders of record Oct. 15, 1941, whose fractional interests are disposed of and to holders of unexercised warrants.

Proceeds to prepay outstanding short term bank loans, additions to plant and equipment, working capital.

Registration Statement No. 2-4855. Form A2. (10-6-41)

Effective—4:45 P.M., E.S.T., on Oct. 17, 1941.

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PACIFIC GAS & ELECTRIC CO.

Pacific Gas & Electric Co. registered with SEC 175,000 shares 5% Cumulative First Preferred Stock, $25 par

Address—245 Market St., San Francisco, Cal.

Business—Company is an operating public utility company engaged, principally, in business of generating, purchasing, distributing and selling electricity and natural gas throughout a large part of northern and central California

Underwriter—Blyth & Co., Inc., San Francisco, Cal.

Offering—The shares will be offered to the public, at a price to be supplied by amendment to registration statement

Proceeds—Will be used to pay at or before maturity company's outstanding First & Refunding Mortgage Series B 6s, due Dec. 1, 1941

Registration Statement No. 2-4861. Form A-2. (10-15-41 San Francisco, Cal.)

PHILADELPHIA ELECTRIC CO.

Philadelphia Electric Co. registered with SEC $20,000,000 of First and Refunding Mortgage 2¾% bonds, due Dec. 1, 1971

Address—1000 Chestnut St., Philadelphia, Pa.

Business—This subsidiary in the United Gas Improvement Co. holding company system, is engaged primarily in production, purchase, transmission, distribution and sale of electricity and gas in southeastern Pennsylvania, including Philadelphia and vicinity

Underwriting and Offering—The bonds will be sold under the competitive bidding rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters, and price to public, will be supplied by later amendment

Proceeds—$20,000,000 of the net proceeds from sale of the bonds will be applied to pay company's presently outstanding $20,000,000 of 1½% promissory notes payable to banks. Remainder of net proceeds will be used to reimburse, in part, company's treasury for additions, extensions, batterments and improvements to its plants and property

Registration Statement No. 2-4863. Form A2. (10-17-41)

PUEBLO MINING COMPANY

Pueblo Mining Co. registered with SEC 1,500,000 shares 1 Cent Par Value Assessable Common Stock

Address—Spokane, Wash.

Business—Mining

Underwriter—No underwriter named.

Offering—To be offered to public at 2 cents per share

Proceeds—Will be used for development, purchase of equipment, building, and working capital

Registration Statement No. 2-4829. Form AO-1. (9-3-41) (San Francisco)

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock, no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

Address—26 Wall St., Orlando, Fla.

Business—Discounting installment notes and making small loans

Underwriter—Leedy, Wheeler & Co., Orlando, Fla.

Offering—Preferred and Class A will be publicly offered at $1,000 per share, Class B common at $1,100 per share. Underwriting commission $50 on preferred and Class A, and $55 on Class B

Proceeds—To repay bank loans, and for working capital

Registration Statement No. 2-4570. Form A-2. (11-12-40)

Effective—Dec. 4, 1940

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

TRAILER COMPANY OF AMERICA

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par

Address—31st & Robertson Aves., Cincinnati, O.

Business—Manufacture, assembly, distribution and sale of commercial trailers and semi-trailers, trailer bodies, parts and equipment, truck bodies and cabs for tractors and trucks

Underwriters—None

Offering—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public

Proceeds—For plant extension, retirement certain bank loans, and for working capital

Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)

Effective—Sept. 13 at 1:15 P.M., E.S.T as of 4.45 p.m. E.S.T. Sept. 17, 1941

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders, may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share, on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec. 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

If subscriptions do not total 150,000 shares then C. S. Mott and C. R. Bitting have agreed to purchase for investment an amount to bring the total amount sold up to 150,000 shares

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

Effective—3:15 P.M., E.S.T., on Oct. 29 as of 4:45 P.M., E.S.T., Oct. 12, 1941

(This List is Incomplete This Week)

Rea Approves Changes In Securities Acts

(Continued from page 924)

partners, bookkeepers, salesmen and messengers who are the security business, not only in New York City, but in every city in the United States, are engaged in various jobs contributing to one big piece of work—the work of converting private funds into business capital. Business cannot operate without capital. From the point of view of employment, it has been estimated that it takes $7,000 of invested capital to keep one man at work in industry. The contribution to our economy of those engaged in making this capital available to business is, therefore, obvious and apparent.

* * *

Part of the securities business as a whole is the business of securities exchanges. What are exchanges? What part do they play in the whole organism? Why are they necessary?

Defines An Exchange

I venture to define what an exchange is quite simply. It is nothing more than a market place where persons wishing to sell securities may make offers and where persons seeking securities may buy. We must avoid confusing the machinery with the purpose of the machines.

If a market place is to be useful, it must be within easy reach of many people. An exchange obtains this characteristic of accessibility through quotation wires, tickers, widespread member officers, and the courtesy of newspapers which report its market activities every day. All of this machinery makes an exchange appear complicated. Such superficial complication does not alter the fact that exchanges are essentially nothing more than market places.

Because of the modern machinery of communication which makes an exchange market place instantly available to people scattered over vast areas, exchanges have acquired a secondary function. They have become not only places where buyers and sellers meet to dispose of or acquire securities, but they have become the places where values are established. Persons who have no intention of selling securities and others who don't wish to buy look to the values established by exchange transactions in deciding what loans they may make on securities offered as collateral; in deciding whether new offerings of securities should be sold or bought; and in deciding innumerable other questions involving the values which are being placed on securities by buyers and sellers at any given time. Pricing by the open market method is an essential of our economic system. Values established by command of Government or monopoly are not true values and can be made true only by constant support through political or economic propping. Values established by the expressed or reserved judgment of many people are true values. Because exchanges are accessible to millions of people they have acquired a usefulness as what might be called the people's "ballot box on values." It is the natural by-product of being accessible market places.

Please do not lose sight of this element of accessibility. Unless exchanges remain available to all groups and all individuals—to the pessimists, the optimists, the investors, and the speculator, the story which the daily tape tells will be a censored story.

RR. Guide Supplement

The first Supplement to the third annual issue of the "Guide to Railroad Reorganization Securities" has just been issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Since the release of the annual issue, the Interstate Commerce Commission has issued the final plan for the Chicago, Rock Island and Pacific as modified and has certified it to the Federal District Court; it has also issued a final plan of reorganization for the St. Louis, South Western Railway Company, but has not yet certified this plan to the Federal District Court; The Commission's examiners have also issued proposed plans for the Denver and Rio Grande Western, the Florida East Coast and the Minneapolis, St. Paul & Sault Ste. Marie Railway—all these revisions are included in this supplement.

This supplement is sent free to those who purchased a copy of the "Guide"; for others, the price of the supplement is one dollar a copy. The third annual issue, with this supplement, is still available in a limited number, for the original price of five dollars, and may be obtained direct from Pflugfelder, Bampton & Rust.

"Petroleum on Parade"

An attractive booklet entitled "Petroleum an Parade — The March of Civilization" has been compiled by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. The booklet, attractively illustrated, discusses the place of oil in the world of today, shows interesting diagrams of oil wells, gives tables of crude oil production and describes what oil royalites are.

Copies may be obtained from Tellier & Company on request.

Write for Analysis

An interesting and complete analysis discussing the current situation in the securities of Eastern Corporation has been prepared for distribution by R. E. Swart & Co., Inc., 40 Exchange Place, New York City, from whom copies may be obtained upon request.

Tidings From Phila.

PHILADELPHIA, PA. — Jim McAtee, of the trading department of Butcher & Sherrerd, 1500 Walnut Street, is back at his desk after a honeymoon in Virginia—having joined the ranks of the benedicts on Oct. 18th.

Our Reporter On "Governments"

Something has been happening in the Government market recently—something of prime interest to every holder of Treasury obligations. . . . That something has to do with the development of an important trend away from taxable securities into outstanding tax-exempts. . . . Its basis involves angles that deserve close attention by every institutional and individual owner of Governments. . . . And whether you take action or not on the switches indicated, you certainly should know why a movement develops—what factors warrant it. . . .

Shortly after the sale of the long-term 2½s—the new taxables due in 72/67—a trend out of taxables and into tax-exempts began. . . . While the 2½s virtually stood still, several long-term tax-exempts rushed up to new record highs. . . . In some instances, the gains ranged to a point. . . .

There are two apparent explanations for the contrasting movements:

(1) For some time, the value of tax-exempt obligations in the Government list had been overlooked, disregarded by investors and traders;

(2) The floating supply of the 2½s was great, the issue was undigested and the contrast between the two trends thereby was heightened. . . .

Informed sources report there was considerable switching from the taxables to the tax-exempts during those days following the sale of the 2½. . . . Traders reveal too that the switching movement still is going on to some extent. . . .

So the question now arises as to whether that movement is justified. . . . Whether you—the investor—should take steps now to sell your taxables and get into tax-exempt. . . .

Both Sides

Here's an angle to keep in mind at all times. . . . The shift on the part of the Treasury from the sale of tax-exempts to the issuance of taxables has created a wonderful "switching" opportunity for institutional investors in the Government market. . . .

Two markets are being built up. . . . Two markets—one in which tax-exempts are traded, one in which taxables are traded. . . . Price spreads between these two markets have varied and will vary—sometimes sensationally, as has occurred recently. . . . Major institutional investors suddenly will decide to sell large blocks of their holdings of one type of security, move into another. . . . Traders will take advantage of the movements to make some quick profits on trades. . . .

In other words, what you have is a continuing—and ever increasing—opportunity to increase your income on Governments by moving with the trend of taxables or tax-exempts. . . . That trend sometimes is in favor of one kind of issue, sometimes in favor of another. . . . And that's where your profits lies, that's where your interest should be. . . .

For a fortnight, the movement has been out of taxables and into tax-exempts due to the two forces outlined above. . . .

Now the problem is to decide whether the trend has gone far enough in one direction and whether it is time to reverse your actions and sell tax-exempts, buy taxables. . . .

Reversing It

Alert traders believe the trend has gone far enough—at least, for the time being. . . . The tax-exempts now are over-valued in relation to the taxables. . . . This is not a discussion of long-term factors, of course. . . . We're not going into the question of the possible scarcity value of the tax-exempts in future months, the increasing demand for a decreasing amount of securities. . . Similarly, we're not going to attempt at this stage of the game to guess as to the Treasury's actions in 1942—its efforts to do away with outstanding tax-exemption, regardless of legal and moral precedent. . . .

Just on a week-to-week trading basis, the tax-exempts look less attractive than the taxables at the moment. . . . So if you're interested in trading, you may consider selling some of your intermediate tax-exempts today, buying taxables in the same maturity classification. . . . Or you may wish to switch out of a long-term tax-exempt into an issue like the new 2½s. . . .

Incidentally, one reason the tax-exempts are getting the play they are now is that when taxables first came out, most investors underestimated the growing attractiveness of the tax exempts—particularly around income tax adjustment periods. . . . But the publicity given to the tax law in effect now and the laws to come is having a profound effect on investor psychology. . . . You can carry this argument on from here—in relation to your own portfolio. . . .

Inside The Market

The "insiders" are talking now about another financing around November 15—much earlier than had been expected only a few days ago. . . .

Market could take an issue now, of course. . . . Despite recent $1,500,000,000 deal, there's a demand for Governments that is most encouraging for borrowers. . . .

The "feelers" are out too, by the way. . . . Gossip is this issue will be a short-term bond or perhaps, even a 5-year note. . . . Might be an additional issue of the 1s of March 15, 1946, issued in the amount of $500,000,000 a few days ago to refund the RFC's and CCC notes. . . .

If the issue were a 5-year note, market would be taken by surprise. . . . Offering would appeal to banks mostly. . . . Long-term market would be given breathing spell to prepare it for another flotation soon. . . .

Reports coming out on life insurance purchases of Governments in last month indicate insurance industry bought huge amounts of the taxable 2½s. . . . Purchases were way above preliminary estimates. . . . There's no denying it—Morgenthau is doing a job with his distribution of bonds among various sources. . . .

Singer Mfg. Outlook

Bristol & Willett, 115 Broadway, New York City, have prepared an eight-page booklet on The Singer Manufacturing Company, analyzing the earnings, financial position, dividend record and future outlook. Copies are available from them on request.

Final Edition THURSDAY In 2 Sections – Section 2

FINANCIAL CHRONICLE

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Scientific Advances Described At Babson Park Commodity Prices, Inflation Hedges Discussed

Benefits to the American people, which have resulted from scientific research were described by Dr. James K. Hunt, of E. I. du Pont de Nemours & Co., in an address on Oct. 16, before the 28th Annual National Business Conference, at Babson Park, Mass. Among these he mentioned the higher standard of living, the reduction of drudgery, conservation of natural resources, and the greater independence of foreign sources of supply. As an instance of the conservation of resources he said that improved "cracking" processes have resulted in doubling the gasoline yield of crude oil.

"Last year," he said, "we refined about 1,294,000,000 barrels of crude oil in the United States, whereas without modern cracking technique we should have had to distill some 2,739,000,000 barrels. This means, of course, that this improved refining process conserved about 1,445,000,000 barrels of crude oil. Cracking has accordingly had the effect of doubling our oil reserves, at least as far as gasoline is concerned."

Concerning our greater independence of foreign sources of supply, Mr. Hunt said in part:

Let us consider briefly our present state of self-sufficiency, in comparison with the deplorable conditions of this country in 1914. Then, many of our industrial activities were dependent upon imports. Employment of millions of American workmen was threatened, particularly in the textile industry, which was almost wholly dependent upon foreign-made dyestuffs. At that time, the United States produced less than 10% of the dyes it consumed, and even that meager proportion was made from imported intermediates. In 1940, by contrast, the American dye industry produced about 95% of our total domestic consumption, and had an export balance of some 25,000,000 pounds.

But America suffered from more than a shortage of dyes when the British blockade made it virtually impossible for Germany to export. The health of our people was endangered because the importation of certain important medical supplies had been cut off; and our dependence upon foreign-made products did not end with dyes and medicinals. It extended to a wide variety of other products as well.

Today, in contrast, practically every important industrial, agricultural and medicinal need, of a chemical nature, is being filled by American factories on American soil, and this is due in no small part to the accomplishments of scientific research during the past two decades.

When war broke out in Europe a quarter of a century ago, this country did not have a single plant for extracting nitrogen from the air and transforming this element into the chemicals so vital to agriculture, industry and the national defense. We, in common with the European nations, were almost wholly dependent upon natural nitrates imported from Chile for the fixed nitrogen essential alike to the farmer and soldier. Today, through chemistry, we extract from the air much of the nitrogen consumed in this country, and it is quite feasible for us to make all we need.

In 1914, America likewise was dependent upon Europe for the fine optical glass, needed in the manufacture of various instruments, vital alike in peace or war. Today, thanks to research by American scientists, this country is capable of producing optical glass of a quality second to none in the world.

During thte first World War, this country was wholly dependent upon imported rubber,

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NY State Mtg. Loans Increase In September

Mortgage loans made by all savings and loan associations in the New York State during September, 1941, show a 35% increase in total amount loaned over September, 1940, and a 17½% increase in number of loans, according to announcement made Oct. 24 by Zebulon V. Woodard, Executive Vice-President of the New York State League of Savings and Loan Associations. Details are given as follows:

The 120 reporting member associations with assets totalling $299,640,164, made a total of 1,542 loans for a total of $5,820,000. Of these, there were 733 loans for the purchase of homes, totalling $3,130,379; 461 construction loans totalling $2,106,271; 121 loans refinanced for a total of $367,188; 83 repair loans totalling $91,952 and 144 other loans amounting to $124,210.

Projecting the actual number of loans made, 1,542, to include all associations in the State, there would be a total of 2,375 amounting to $8,962,800, during September, 1941, which is an increase of 35%, or $2,323,243 in amount loaned over September, 1940, and an increase of 17½%, or 356, in number of loans. It is also an increase of 4½%, or $402,186 in amount loaned over August 1941.

THE FINANCIAL SITUATION

The American people long ago have grown accustomed to all manner of vagaries in taxation, a few sensible, some half intelligent and reasonable, many wholly nonsensical and pernicious, and still more perhaps admixtures of all qualities, but there appears to be reason to fear that the next month or two will bring forward a record crop of weird tax proposals and the next half year a crushing harvest of ill-advised tax legislation. It seems that at the moment the Treasury authorities themselves have not yet reached definite conclusions as to what they wish to recommend in the form of taxes to finance the armament [illegible]. If the various reports, many of them apparently at least semi-official, are to be taken even as "trial balloons," their conclusions when reached will leave a great deal to be desired. In the past Secretary Morgenthau has upon occasion had some really sensible things to say on the subject of taxation in the current "emergency," but the schemes he suggested after having talked with apparent understanding on the subject have more often than not appeared to bear exactly no discernible relationship to his introductory remarks.

A somewhat similar situation may well be in the making now. His current informal conversations with the press again reveal more understanding at some points than is usual in Washington these days, although at other points he seems to stray easily and unawares from the path of commonsense and at times even of candor, but if some of the schemes now reported under advisement at least are even being seriously considered, the traditional Philadelphia lawyer may again he sadly puzzled to find more than a modicum of consistency between his theories and his programs. Most of the specific plans which are currently reported to be scheduled for inclusion in the forthcoming recommendations of the Treasury are so lacking in detail and in want of official confirmation that it would scarcely be profitable to devote much space here to their consideration. There would appear, however, to be no room for doubt that social security taxes are playing a vital part in the plans of the Treasury and in all probability are destined

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FROM WASHINGTON AHEAD OF THE NEWS

There is a truly amazing chapter of American history happening just now. It is moving so fast that a writer can't be positive in discussing it. A week ago this writer wrote that it was the consensus of Washington observers that Mr. Roosevelt had John L. Lewis over the barrel and that, because of his known despise for the gentleman, he would use his opportunity to put the labor leader out of business for good. Well, it hasn't turned out that way. At this writing Lewis is still riding high, and as the National Mediation Board considers his case, the betting is 10 to one among those who consider that they know Washington, that he will win.

Indeed, the odds are that the Mediation Board will work out a policy whereby a union with a certain membership in an industry will be permitted to have what is tantamount to a closed shop, but at the same time say that it is not the policy of the Board to further the closed shop in industries of lesser union membership. The "certain membership figure," it is believed in Washington, will be the exact membership which Lewis has in the captive mine industry.

Now, in this case, it will be what is called a "compromise between the interests concerned." It would mean, that while the 5% or more of the workers in the captive mine industry not now paying homage and dues to Lewis, would be required to do so, nev-

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GENERAL CONTENTS

IN THIS SECTION

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Scientific Advances Described To Group

(Continued from first page)

obtained chiefly from the Far East. Today we have the so-called synthetic rubbers, such as neoprene, which can be used for practically every purpose to which natural rubber is put. From certain of these chemical rubbers, for example, automobile tire treads can be made fully equal in abrasion resistance to the best natural rubber treads. Strategically, these synthetic rubbers are of tremendous importance because America has a virtually inexhaustible supply of the basic raw materials needed—chiefly, coal, limestone, salt, and petroleum. Although commercial production of synthetic rubber on a scale large enough to meet demands for natural rubber would take both time and large investments, it is comforting to know that we are no longer wholly dependent upon imported rubber.

Silk, another imported material, is in very much the same category as rubber. It is believed, however, there are few uses for silk which cannot be served by the recently-developed nylon yarn, although here, again, considerable time and much money would be required to meet present demands for silk. Nylon yarn is now being produced in our Seaford, Delaware, plant at the rate of about 8 million pounds annually, and a second plant that will bring total production to around 16 million pounds a year is now being built at Martinsville, Va.

Speaking before the Conference, also on Oct. 16, Dr. Leonard Spaugenberg, Vice-Pres., Babson's Statistical Organization, forecast that the commodity price trend would continue irregularly upward.

The odds, however, are against violent, runaway markets, he added, even though there is plenty of inflation dynamite lying around. Continuing, he said:

The Government thus far has been fairly successful in holding prices of most industrial commodities down to reasonable levels through the imposition of price ceilings in individual instances. On the other hand, it has deliberately fostered and effected a sharp rise in agricultural prices. The price-control measure in the works at Washington sidesteps the factory and the farm. Unless these two weak spots in our economic defense are strengthened — and political considerations are against it—the rising wage-and-living costs combination will work the one-two punch on price control. Not that it would be knocked completely out, but certainly rendered far less efficient than it otherwise might be.

Recent heavy purchases of automobiles, refrigerators, vacuum cleaners, and countless other items, in anticipation of higher prices and probable scarcities, should lessen total demand for such products for some time to come. Nevertheless, the main pressureon wholesale commodity prices should continue upward and bring further advances in the first half of 1942.

Speaking before the Conference, on Oct. 17, H. Clyde Baldwin, Investment Expert, recommended well selected common stocks as the best practical means of inflation protection for most individuals. He took exception, however, to the attitude of some investors who refuse to buy any bonds, annuities or life insurance policies because of fear of inflation. The inflation prospect does not justify disregarding all the

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Editorial—

Economize Now, And Drastically

The acknowledged Federal public debt at the close of business on October 28, last, stood at $53,248,937,026, and to that aggregate it is necessary to add a minimum of $7,000,000,000 in order to arrive at the actual debt now standing against the credit of the taxpaying citizenship of the United States. The excess of Federal expenditures over Federal revenues accumulated during the period of substantially four months from July 1, to October 28, 1941, is reported by the Treasury Department as $4,566,708,355, while the amount expended for national defense purposes during the same period is given as $4,740,189,574. The substantial equivalence between these two aggregates is significant and suggestive, especially as it has already become notorious that the term "national defense" is currently being stretched to the utmost possible limit in order to make it contain as many as possible of the items that, as qualified accountants assert, might with greater propriety be so allocated so as to compel their inclusion in the much-criticized and clearly excessive total representing non-defense expenditures.

Notwithstanding this deceptive manipulation, however, the total figures for the periods from July 1 to October 28, in the years 1940 and 1941, compare as follows:

Year	Ordinary Expenses	Defense Expenses	Total
1940	$2,223,555,683	$871,634,926	$3,095,190,609
1941	2,149,633,727	4,750,189,574	6,899,823,301
Excess, 1940 over 1941	73,921,956		
Excess, 1941 over 1940	----------	$3,878,554,648	$3,804,632,692

While measuring with some degree of accuracy what has happened during the elapsed period of the present fiscal year, the foregoing figures are in no way indicative of what will be the final showing as to defense expenditures for the remaining eight months, during which it is of course to be anticipated that the actual outlays under the vast aggregate of from $66,000,000,000 to $70,000,000,000 that has already been appropriated for war purposes will grow out of all proportion to the amounts that up to the present time have been charged into the Treasury Department's account. But the demonstration that so far there has been no genuine curtailment of ordinary or non-defense expenditures is startling and should not be overlooked. The outlays for purposes other than those of national defense, in the exceedingly broad sense in which that term is understood by the Administration and perhaps largely admitted by the general public and its legislative representatives, are not swelled by any emergency, dominating or otherwise, but they remain, as they always have been, within the control of the Government, through its executive and legislative departments, and ultimately within that of the people, which does not lack effective and constitutional means for enforcing in that direction its reasoned and reasonable determinations.

During his first campaign for the Presidency, in 1932, Mr. Roosevelt clearly saw, or represented that he clearly saw, opportunities for great economies in the ordinary expenditures of the Federal Government. He induced the representatives of the Democratic Party, assembled in national convention in Chicago for the purpose of determining whether he or some other aspirant should function as the Party's candidate and champion in the contest to displace President Hoover, to adopt a platform calling for drastic economies in public expenditure. He accepted that platform "100%," and before he was elected repeatedly promised, and repeatedly proclaimed his promise to the people, to cut the Federal disbursements below an aggregate of three-quarters of the annual total currently being expended by President Hoover. On Oct. 19, 1932, at Pittsburgh, in a speech so deliberately prepared that, as Professor Moley has recorded, about every member of his Brains Trust and nearly all his large corps of ghost writers had had a hand in it, submitted their varying versions, the future President compared the national credit to that of a family, saying—

> "The credit of the family depends chiefly upon whether the family is living within its income. And that is equally true of the Nation. If the Nation is living within its income, its credit is good. If Government lives beyond its income for a year or two, it can usually borrow, temporarily, at reasonable rates. But if, like a spendthrift, it throws discretion to the winds and is willing to make no sacrifice at all in spending; if it extends its taxing to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy."

Oddly enough, the foregoing "bit of campaign oratory" had the unusual merit of being free from exaggeration and wholly and soundly true. Although by no means applicable as a criticism of the opposing candidate, the allusion to governmental sacrifice, with its implication that there might be curtailments of the governing functions in the interest of national economy and when unnecessarily extended was adroit and broadly alluring to many in the electorate who were convinced, as a great many more are in 1941, that the Federal Government not only interferes far too frequently and far too much, and that in order to do so, it has undertaken vastly complicated and difficult tasks for which it is inadequately equipped and, in the nature of things, must so remain. Yet the President, who, as a candidate seeking

Editorial—

Federal Land Banks

New aspects of existence possibly impend for the system of twelve Federal Land Banks, which this year are completing a quarter-century of honorable, effective and adequate service in behalf of the rural community of the nation. Although it is not generally appreciated, there may well be in coming months and years a transformation of the outstanding debts of such banks into ordinary United States Treasury obligations.

No definite assurance presently can exist on this score, for the vagaries of Legislative and Administrative policies may alter the trend. Two unrelated circumstances nevertheless point toward such an end, and they illustrate the far-reaching nature of governmental activities and proposals. One of these is the so-called Fulmer Bill, which would effect among other things an outright United States Treasury guarantee of Federal Land Bank bonds, and the other is the Treasury program to transform all guaranteed or agency debt into direct Treasury debt.

The Fulmer bill was introduced last July with the intent of bridging certain gaps which have appeared since 1916, and of integrating fresh aspects into the Farm Credit System. Hearings on the measure recently were started in Washington. That this Administration measure was carefully drawn is conceded, and objections, though well taken, have been milder in the hearings than usually is the case with Administration bills.

There is no room here for an adequate discussion of the complicated proposal, but for the investment community the fact stands out that it contains a provision to subject the $1,748,000,000 Federal Land Bank bonds to a Federal guarantee. This would be mere recognition of realities, since the Treasury already is obliquely responsible for these Federal "instrumentalities."

The Federal Land Banks, it should be recalled, are unlike other creatures of government, hastily called into existence to meet temporary emergencies or political exigencies. They were organized on a non-partisan basis in 1916, after long study of rural credit systems in all countries, and after one of the most thorough debates ever afforded any subject by our Congress. The resulting soundness of the Federal Farm Loan Act has been attested by a quarter-century of excellent service.

"It is a wide departure from the truth to suggest that the Act was hasty and ill-considered and that there was any political pressure exerted to secure its passage," said George W. Norris, first Commissioner of the Federal Farm Loan Board, in an article published in the "Commercial and Financial Chronicle" on March 9, 1918. "On the contrary," he added, "with the exception of the Federal Reserve Act, there probably was never an Act passed by Congress after more extended study and more mature deliberation."

The farm credit record of the last ten years could not possibly be described in the commendable terms used in 1918 with respect to the Federal Land Banks. The original institutions still stand, however, and if their bonds pass progressively under a direct Treasury guarantee and finally into ordinary Treasury obligations, relatively few pertinent objections can be raised. To a far greater degree than most other debts of Federal agencies, obligations of the Federal Land Banks truly are self-liquidating.

The Treasury in Washington has announced its intention of converting all agency debts into Treasury bonds, notes or bills. Indeed, a start already has been made on this program through the recent offering of 1% Treasury notes in exchange for $299,839,000 Reconstruction Finance Corp. and $204,241,000 Community Credit Corp. obligations about to mature.

In this manner a total of $6,373,277,000 of guaranteed issues of Treasury agencies seem destined for eventual conversion into ordinary Treasury securities. If Federal Land Bank bonds are guaranteed under the proposed Fulmer measure, and conversion also is effected as the bonds become callable, the direct Treasury debt is destined to increase on this account by approximately $905,000,000, which is the total of the bonds outstanding in the hands of the investing public. Much of the $1,748,000,000 over-all total of such bonds is held by the Federal Farm Mortgage Corp. and other existing Treasury agencies.

the exalted trusteeship which he still continues to hold, volunteered the enticing implication, has not ceased to ignore all the requirements of public economy since the first few months of his first year in that great office. How far, during his Presidency, the Federal Government has proceeded along the "road to bankruptcy" which he pointed out in 1932 may be measured somewhat by the uninterrupted and cumulative deficits that have been incurred since his first inauguration, on Mar. 4, 1933. To Oct. 28, 1941 they are as follows:—

Fiscal Year	Deficit	Fiscal Year	Deficit
1932-3*	$ 892,600,000	1937- 8	$1,384,160,931
1933-4	3,965,991,685	1938- 9	3,542,267,954
1934-5	3,575,357,963	1939-40	3,611,056,036
1935-6	4,763,841,642	1940- 1	5,167,678,471
1936-7	2,707,347,110	1941- 2**	4,566,708,355
Total deficit, 8 years and 8 months			$34,177,010,147

* Last 4 months. ** To Oct. 28.

Thus, during little more than eight and one-half years, under Mr. Roosevelt's unchecked direction, the Government he has controlled has traveled to the extent of $34,177,010,147 upon the downward path towards the abyss of bankruptcy which he plainly recognized before his control was established. And only a very small fraction of the swelling number of items in this accusing aggregate have even the most remote relation to national defense.

At Sioux City, Iowa, on Sept. 29, 1932, in another bit of campaign oratory, Candidate Roosevelt attempted to direct against Herbert Clark Hoover, then President of the United States and not in decency to be lightly accused of incompetence or malfeasance in office, a scathing paragraph, every word of which now returns as a deadly boomerang upon its author and with accumulated intensity augmented during each of the intervening years condemns the unequalled recklessness of his course. His words, so appropriately applicable to his own subsequent record, then were:—

"I accuse the present Administration of being the greatest spending administration in peacetime in all our history. It is an administration that has piled bureau upon bureau, commission upon commission, and has failed to anticipate the dire needs and the reduced earning power of the people. Bureaus and bureaucrats, commissions and commissioners, have been retained at the expense of the taxpayer."

And how now? Deficits piled upon deficits, new bureaus and boards and commissions accumulated by the dozens and none abolished or its activities curtailed; every old bureau enlarged in its scope and the number of its employees multiplied; no expenses reduced but all taxes increased; "shooting has begun" under conditions that make any degree of warfare immeasurably costly and perilous as to its duration and extension in scope; high officers of Government talking of appropriations for war purposes even doubling the astronomical amounts already made available; no end of the unparallelled outlays in sight or suggested.

To this problem no leader in Congress has given such unceasing effort and such intensity of patriotic effort as Senator Harry F. Byrd, of Virginia. Not too soon, he has recently given notice that he will cast no further vote in favor of any war expenditures or preparations for or activities of warfare unless there is first evidence of genuine effort to curtail the non-defense and ordinary expenditures that undoubtedly can be curtailed and must be if the penalties of national bankruptcy are to be avoided. He is but carrying to a reasonable conclusion what he said last September, in a prepared statement for the public:—

". . . it is shameful that there has been no earnest, sincere effort to reduce non-essential, non-defense expenditurs of the Federal Government. Reductions made in these items this year have been inconsequential, and probably will be wiped out entirely when all the supplemental deficiency appropriation bills are passed. Moreover, the budget for the current year includes as emergency defense items the normal strictly peacetime expenditures of the War and Navy Departments as well as substantial parts of appropriations for other agencies, such as the Veterans Administration, the National Resources Planning Board, the Civil Service Commission, Federal Communications Commission, Federal Power Commission, etc. It is little short of outrageous to impose the burden of this tax bill (the tax-measure last adopted—Editor) upon the citizens of this country without at least a sincere attempt to reduce Federal expenditures outside of essentially emergency items."

Experience, sad and long, has proven the unfortunate fact that nothing in the remotest way approaching towards genuine economy can be expected from the White House coterie or from any section of the Executive Department as now constituted. Nor can really effective and consistent economy emanate from the present Congress, or from any other, unless in the future one may be selected in an election in which rigid economy and drastic retrenchment shall be made the paramount and all-exclusive issue, or unless an overwhelming public sentiment shall now make the demand and point out the practical sources of economy with unmistakable insistence. If the public should become well-advised and alive to its pressing interests, that demand would not be delayed and it would be directed clearly towards definite savings that could be made at once and that ought to begin immediately. In the non-defense and non-essential items of Federal expenditure, much greater curtailments than appear anywhere to have been suggested are not only practicable but upon every ground desirable.

No competent executive, the head of any great business enterprise with wide ramifications, ever relies completely upon the heads of its separate departments for suggestions of the sources of economies necessary to meet imminent requirements arising in its fiscal situation. What such an executive invariably does is to order specific curtailments wherever they are practicable and can safely be enforced. Heads of departments in industry, heads of Federal bureaus, both interested in their own aggrandizement, almost always can see possibilities of reduced expenditures somewhere else, almost never where they would reduce the superficial importance of their own activities. It is inevitably the same in Government. Let the citizen who is daily sacrificing to meet his taxes and the other extraordinary demands from Government, and who is daily told that he must sacrifice more and more with no visible or stated limitation, ask himself what governmental services he would rather go without, or see drastically curtailed, than accept the additional impairments in his standards of living which Federal authorities presently insist cannot be avoided. This discussion canont here be made exhaustive but it might well be continued wherever thoughtful and patriotic citizens come together with opportunity to consider the exigencies of their condition as constituting a nation confronted with great and complicated fiscal difficulties. To make it concrete, what citizen supposes that he, or any group to which he belongs, receives services from the Federal Trade Commission, Federal Power Commission, Federal Communications Commission, Securities and Exchange Commission, Interstate Commerce Commission, National Resources Planning Board, and other boards and commissions that will occur to every reader, which at all equals in value the fraction of his taxes that could be saved if most of these bodies should be placed in a condition of substantially suspended activity for the duration of the war emergency? The Interstate Commerce Commission, for example, has nearly fifteen hundred employees and spends about $10,000,000 annually. Who would suffer, and how much, if ninety per cent, let us say, of its activities should immediately cease until the emergency has ended? Pending that ending, ninety per cent of its personnel and its funds could, in that case, be diverted to more pressing necessities of Government. By no means would it be unreasonable to urge that in all branches of the Executive Department where there is no visible and direct connection between the work done and the great emergency alleged to confront the country, definite proportions of the appropriations allotted and of the forces of men and women employed should forthwith be withdrawn and made available for purposes contributing to relief of that emergency. To that extent the continued expansion of the Federal bureaucracy would be interrupted and the continued multiplication of Federal expenditures would be reduced. In a referendum, could one be called, there can be no doubt that all but an infinitesimal portion of the voters would declare themselves in favor of such a drastic measure of economy and of its immediate application. They would declare that their Government must make its "sacrifice in spending," make it generously, and make it now. Congress has power to command such a course and to compel its enforcement. The time for Congress to serve the people by severely and definitely restricting the non-essential expenditures and sharply limiting the extravagance of the Executive Department is right now.

The State Of Trade

Business activity showed a further setback the past week, this being the second successive weekly decline. Most industries that make up the business index showed setbacks. However, electric output held near its record level. Engineering construction awards were 46% higher than the preceding week, but 35% under the volume reported for the corresponding 1940 week by Engineering "News-Record."

Steel ingot production in the United States is scheduled at 98.2% of capacity this week, against the year's peak of 99.9% a week ago, a drop of 1.7 points, the American and Steel Institute reveals. A month ago production was on the basis of 98.1% and a year ago the rate was 96%.

In line with seasonal expectations, carloadings of revenue freight during the week ended Oct. 25 declined to 913,605 cars, or 1% lower than in the previous week, according to the report of the Association of American Railroads. The improvement over the same week a year ago amounted to 75,948 cars, or 9.1%, while the gain compared with the similar period in 1939 equaled 84,247 cars, or 10.2%.

The developments of the week did anything but make for buoyancy or optimism. Tax fears and concern over the Federal method of handling labor disputes were no help to confidence. Seizure of the Bendix plant by troops coupled with the fact that the threatened strike in the captive coal mines has been postponed and not necessarily settled indicates "breakers ahead" for private enterprise.

The final action by the Administration's Mediation Board in connection with the captive mines case is awaited with the keenest interest. Financial as well as industrial groups are somewhat fearful of the outcome. The issue, it was pointed out, is whether the United States Steel Corporation will be permitted to continue its historic policy of employing non-union as well as union men in its vast enterprises, or whether the closed-shop demand of John L. Lewis, President of the United Mine Workers, will be upheld. The Government's lack of firmness to date in dealing with defense tie-ups and Congressional failure to pass remedial legislation, are regarded as factors which contribute to much uneasiness.

If the power of the Government is used to force a closed shop in the case of the coal mines, it will have set a dangerous precedent, and very likely result in an epidemic of strikes for the "closed shop" principle. This would of course mean further serious setbacks for the Nation and further unsettlement of confidence in the Administration.

Labor displacement in nondefense industries because of priorities for raw material requirements for defense needs has been quite limited thus far, OPM reports show. A sharp rise in the number of persons displaced is likely over the next few months, however.

The actual displacement of workers in civilian lines last month was only some 35,000 workers, official data indicate. This figure includes clerical and sales help in allied lines affected by a curtailment of production due to priorities.

With pressure from defense industries to augment their supplies of needed materials now mounting, and with a new and vastly enlarged arms production program now being drafted, however, non-essential activities will have to be curtailed much more rapidly in the near future. Qualified sources believe a displacement of more than 1,000,000 workers is possible between now and next Spring, although they regard larger estimates of priority unemployment, which have run up to 3,000,000, as altogether unjustified.

Class I railroads had an estimated net income, after interest and rentals, of $358,582,763 in the first nine months this year, compared with $58,598,060 in the same period of 1940, the Association of American Railroads reveals. In September they had estimated net income, after interest and rentals, of $59,300,735 compared with $30,732,608 in September, 1940.

The "Iron Age" said that steel production had decreased little because of the captive coal mine strike as the strike was halted in its early stages, but that several thousand tons of steel were lost in Pittsburgh when a cranemen's strike at the Homestead, Pa., works of the Carnegie-Illinois Steel Corp. had forced suspension of several open hearth furnaces. That was another example of "flash" strikes which are continually hampering steel production.

Steel industry backlogs are estimated at five to seven months' operation at the current rate. Bookings have continued to exceed production, the "Iron Age" states.

1941 Wheat Loans

The Department of Agriculture reported on Oct. 28 that through Oct. 18, 1941, Commodity Credit Corporation made loans on 258,632,533 bushels of 1941 wheat in the amount of $257,908,331. The wheat in storage under loan includes 62,575,466 bushels stored on farms and 196,087,067 bushels stored in public warehouses. Loans to the same date last year had been made on 222,500,000 bushels.

Editorial—

THE FINANCIAL SITUATION

(Continued from first page)

to form a substantial element in the sweeping proposals presently to come from the Treasury Department.

While precise information concerning Treasury plans as regards these taxes is not available, possibly does not yet exist, it is evident enough that some serious blunders, if not bad faith, have already crept into the Treasury's ideas and imbedded themselves in its program, tentative though it may be at present. It is none too soon for the intelligent American citizen to take notice, and having taken notice, to make his influence felt. Heaven knows the very concept of "social security," as well as the programs to give effect to it, have already for a long while been politically exploited enough in all conscience, but that can be no excuse for further action of the same sort which could easily in time, if not checked, utterly destroy the entire visionary scheme root and branch—and possibly at the same time the solvency of the Federal Government. To those unthinking persons who make the easy assumption that anything in the nature of real "social security" (which appears to be a trick name for economic security) can be provided for the people by legislative enactment, by the establishment of "funds," or by any of the other artful devices of the politicians these will doubtless appear to be strong words—possibly even unintelligible words.

Yet not a great deal of quiet, sober thought should be necessary to give them real and urgent meaning. Perhaps as an introduction to the subject it would not be amiss to inquire how it is possible to reconcile the President's frequently reiterated assertion that these social security taxes are for technical reasons called "taxes," but are really contributions to be set aside and carefully husbanded in Washington to provide for the old age and unemployment needs of the beneficiaries, with Mr. Morgenthau's bright idea that they be greatly increased and used to create unproductive armament not to say conduct a highly destructive war Of course, there can be no such reconciliation, and the very inconsistency strikingly reveals the fuzzy thinking, or the amazing lack of candor, in official circles concerning this whole matter of "social security." In one breath these funds are set forth in official propaganda as a bulwark against want incident to old age and unemployment, and in the next they are quite callously and openly regarded as making a market for government securities, the proceeds of which are to be employed in armament and the like! Can the American people be so stupid, or so engrossed in the war situation, that they do not at once recognize the significance of strange behavior of their representatives in Washington?

The simple truth of the matter is, one suspects, that the Secretary is convinced, and correctly so, that to keep this country upon anything approaching an even financial keel during the next year or two it will be necessary to reach a grasping hand into the pockets of a great many who now contribute but little to defense costs, but at the same time lacks the courage to do so directly and openly by the simplest and probably the most feasible method available—a tax on wages and salaries, or what the union officials call a "check off." Such a dose must be sugar coated, or the politician at any rate is convinced that it must be, and what better method of coating it than labeling the tax a "social security tax," which the President has said is not a tax at all but merely a contribution to a "fund" which will protect the payer against the rigors of unemployment and the wants of old age? But is it a straightforward, honest way to deal with a trusting people?

No one appears to know whether social security benefits are to be increased in proportion to the additional tax imposed. The point, however, is of less practical importance than might be supposed. If not, the deception becomes almost incredibly crude, and it will not be long before irresistable political demand for proportionately larger benefits will arise. If so, then the scheme becomes a sort of forced defense loan. In neither case is the matter really related to "social security" as constantly defined in Washington. In either case the indebtedness of the Federal Government increases dollar for dollar with the increase in taxes paid. In either case, the Treasury will be obliged to go into the open market (unless it is possible to tax future generations sufficiently to provide the funds) whenever the moneys now to be paid into the "fund" are required. Want of straightforwardness has from the first characterized this whole "social security" scheme in its relationship to taxes exacted. The proposals apparently now about to come from the Treasury in this connection would add to the confusion, not to say duplicity, when action of the opposite sort is urgently needed.

In its implications and its almost certain consequences, we have here a situation which is of vastly greater concern to the rank and file than the ordinary or garden variety of political trickery. Whatever may be thought of old age pension, unemployment insurance and related programs when undertaken by government, there can not be the slightest doubt that the notion of "funds" fed by contributions of taxpayers and "set aside" by the Government to provide the wherewithal for "benefits" under the scheme is a false one, even if to the unthinking it may be a plausible and enticing idea. The more plausible it is made to sound the more dangerous it is, and the larger the sums involved the greater the hazard to the public treasury and the beneficiary alike.

From the very first, certain obvious dangers have been recognized by the matriculate, and experience even in these few years have fully disclosed them to all who have eyes to see and are willing to use them. Plainly, for example, the program places in the hands of irresponsible Congressmen and public officials large sums of money which have been extracted more or less painlessly from the people who have been told and naively believe that their "contributions" are being "laid aside" to provide promised "benefits." About the only effective brake upon public extravagance is the natural aversion of the average man to the payment of taxes. Break this down by any means, among them convincing him that he is in reality not paying taxes but contributing to a "fund" nourished also by compulsory contributions from some one else from which he will reap large returns, and we have an invitation to extravagance in Government limited only by the volume of funds provided. It would have been a good deal more difficult for the New Deal to continue its profligacy during recent years, had its managers not had access to the billions "contributed" by expectant beneficiaries under the "social security" program.

If now we are to add a new wrinkle—that of raising the amounts of such "contributions" not even avowedly to finance "social security" but to meet the day-to-day needs of the Treasury—where is the limit? Plainly it is difficult to find one, if the people permit themselves to be hoodwinked in any such obvious manner. Let there be no misunderstanding about the matter. It would be an excellent thing if wages and salaries, particularly wages, which now are high and rising as a result of the defense program and which so largely escape the tax collector, were taxed at their source in much the way that appears to be under consideration in Washington. In the name of candor—even common honesty—let us call them defense taxes, and not attempt to mislead these taxpayers by dubbing their contributions "social security" taxes. For the sake of fiscal safety of the nation, we must be straightforward this time.

Petroleum And Its Products

The domestic petroleum industry, faced with rising demand and lessened new developments, must have stimulant of higher prices to insure increased exploration and the development of new oil properties, Frank Buttram, President of the Independent Petroleum Association of America, reported to Petroleum Coordinator Ickes in a special brief ustifying the higher prices for petroleum already sought of the Federal Government by the Phillips Petroleum Co. in formal application of Mr. Ickes.

"In calling your attention to the report, may I suggest that the report covers conditions at the present time which are not static," Mr. Buttram declared. "The figures themselves indicate a trend of rapidly rising prices. A price indicated as sufficient today might tomorrow be entirely inadequate. In transmitting this resolution and report to you, we feel that we are entitled to your full support and assistance in approaching other Governmental agencies in securing proper consideration for price increases. We therefore request your very earliest possible attention and action on this very important matter."

The survey sent to Mr. Ickes reported that production costs on a barrel of crude oil today are approximately 35 cents a barrel above those in 1937, but the current price of 36 gravity crude in the midcontinent stands at only $1.17, against a price of $1.12 four years ago. It also was pointed out that the current total investment to find, purchase and develop new reserves, plus drilling and equipping wells, has showed a sharp expansion, totaling $40,928, as compared with $27,824 in 1937. This factor, the report stressed, means increased depletion and depreciation charges per barrel of production equal to 15 cents.

Since the current cost of finding, acquiring and producing crude oil of $1.52 compares with $1.33 last year and $1.17 in 1937 and is far below the price of $1.17 for 36 gravity in the midcontinent today, the report stressed the importance of higher crude oil prices immediately to stimulate exploration and development of new reserves to insure a continuous flow of crude petroleum into the Nation's refineries. Current production of crude today is in excess of 4,000,000 barrels daily, highest in the industry's history, and production in current fields could not be pushed far above that figure without endangering the wells through the lowering of gas pressure which would prevent maximum recoveries.

The sharp expansion of industrial activity as America forges ahead full steam on the Defense Program which calls for the arming not only of this Nation but also its allies such as Great Britain, Soviet Russia and China in the Second World War indicates further sharp expansion in demand in 1942 despite the jump of nearly 10% in demand in 1941 as compared with the previous 12 months. With the time element so important in the development of new fields, the industry feels that higher crude oil prices must be authorized at once.

The petroleum problems of the Western Hemisphere are ended, Sumner Welles, Undersecretary of State, told the Inter-American Financial and Economic Advisory Committee in Washington this week. "The current requirement of each country in this hemisphere can be met 100%, and very soon reserve inventories will begin to build up at substantial rates," Mr. Welles told the Committee representing the 21 American Republics. The ending of the diversion of tankers from the United States to Great Britain, and the return of 40 of these vessels no longer needed by the latter ends a period during which threats of a petroleum shortage had led to general apprehension.

With their final voyages under the British shuttle service ended, 12 American flag tankers are now available for return to normal domestic operations, it was disclosed in Washington this week by Petroleum Coordinator Ickes. Three more were to be returned before the end of October, and the remaining 25 of the 40 which are to be returned to this country will be transferred from the shuttle service to normal American operations during November. Details of the assignments of the returned tankers in the Western Hemisphere will be worked out by the Tanker Control Board, of which Assistant Petroleum Coordinator Davies is Chairman, it was indicated.

Daily average crude oil production in the United States dropped 27,600 barrels during the week ended Nov. 1, due mainly to sharp contraction of production in Kansas and California, declining to 4,071,200 barrels at the close of the period, the midweek report of the American Petroleum Institute disclosed. Production was substantially above the 3,479,950-barrel figure for the comparable 1940 period, however. The Nov. 1 total compared with the October market demand for crude oil of 4,012,900 barrels recommended by the United States Bureau of Mines in its regular monthly forecast.

A slump of 18,150 barrels in output of Kansas wells pared the total there to 237,350 barrels while California's production of 626,100 barrels represented a decline of 117,000 barrels from the previous week. Louisiana showed a drop of 2,550 barrels with its daily average flow of 342,150 barrels. Broadest expansion was shown in Oklahoma where daily average production of 436,400 barrels was 11,100 barrels better than the previous week. Texas showed a gain of less than 1,300 barrels with its daily average of 1,469,950 barrels with Illinois also showing a nominal increase at 419,800 barrels daily.

Inventories of domestic and foreign crude oil held in the United States were off 1,344,000 barrels during the Oct. 25 week, dropping to a total of 242,261,000 barrels, the United States Bureau of Mines reported this week. Holdings of domestic crude oil were off 1,189,000 barrels during the period, with imported crude oil stocks down 155,000 barrels. Heavy crude oil stocks in California, not included in the "refinable" crude stocks, were 9,858,000 barrels, a dip of 82,000 barrels from the Oct. 18 figure.

Reports from Mexico City indicated an early settlement of the dispute over American oil properties expropriated by the Cardenas Administration in early 1938 with the United Press reporting from Mexico City on Tuesday that "Foreign Minister Dr. Ezequiel Padilla, in a prepared press statement, said tonight that agreement was in sight with the United States to settle

(Continued on page 933)

Labor Bureau's Wholesale Commodity Index Declines 0.5% In Week Ended October 25

With further weakness in agricultural commodity markets the Bureau of Labor Statistics' index dropped 0.5% during the week ended Oct. 25, Acting Commissioner Hinrichs reported on Oct. 30. The index of nearly 900 price series fell to the level of a month ago, 91.2% of the 1926 average. Notwithstanding the recent recession, average prices of commodities in wholesale markets are 16% higher than a year ago.

The Labor Department's announcement further stated:

A sharp break in the livestock market, together with lower prices for cotton, peanuts, flaxseed, citrus fruits and sweet potatoes, largely accounted for a decline of 1.9% in the farm products group index, which is 2% below the level of a month ago. The grains, however, recovered part of the severe loss of last week and rose 1.2% on the average as prices for barley, corn, oats and wheat advanced, while rye declined 14%. In addition to higher prices for most grains, sheep, eggs, hay, hops, seeds, onions and white potatoes also advanced. Average prices for farm products are 31.5% above a year ago.

Wholesale prices for foods dropped 1% during the week. Meat prices, following the decline in livestock markets, fell 2%. Cereal products decreased 1.1%, and fruits and vegetables were down 0.9%. Dairy products declined fractionally. Lower prices were reported for butter, lard, refined vegetable oils, fresh and cured pork, veal, dressed poultry and for flour, corn meal, canned peaches and cocoa beans. Prices were higher for cheese, powdered milk, crackers, dried fruits, bananas, canned beans and for fresh beef at New York, canned red salmon and peanut butter. The foods group index, 87.5, is at approximately the level of a month ago and is more than 23% above a year ago. Cattle feed prices declined 2.7% during the week.

Industrial commodity markets were comparatively steady for the week. Textile products and building materials advanced 0.1%, while fuel and lighting materials, chemicals and allied products, and miscellaneous commodities declined 0.1%. The indexes for hides and leather products, metals and metal products, and housefurnishing goods remained unchanged at last week's level.

Prices for leather and for worsted yarns rose fractionally. Cotton goods, particularly print cloth, yarns, sheeting and shirting advanced under the sliding scale ceiling established by OPA and based on the average price of cotton in 10 spot markets. Blanket prices also were higher. Quotations were lower for drills and osnaburg and for cordage.

Lower prices were reported for bituminous coal in a few areas and for fuel oil from the Pennsylvania fields. The slight advance in average prices for building materials was the result of higher quotations for gum, poplar and yellow pine boards, flooring and lath, also for millwork and for rosin and turpentine. Prices for most types of lumber were lower, including maple and oak flooring, red cedar shingles and yellow pine dimension, drop siding, finish and timbers.

Linseed oil declined sharply. Average prices for industrial fats and oils dropped 1% because of a sharp decline in inedible tallow.

Mixed fertilizers advanced 0.5% during the week.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Sept. 27, 1941 and for Oct. 26, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Oct. 18 to Oct. 25, 1941.

(1926=100)

Commodity Groups	10-25 1941	10-18 1941	10-11 1941	9-27 1941	10-26 1940	Percentage changes to Oct. 25, 1941, from— 10-18 1941	9-27 1941	10-26 1940
ALL COMMODITIES	91.2	91.7	91.6	91.2	78.6	—0.5	0.0	+16.0
Farm products	88.1	89.8	90.5	89.9	67.0	—1.9	—2.0	+31.5
Foods	87.5	88.4	89.2	87.6	70.8	—1.0	—0.1	+23.6
Hides and leather products	113.2	113.2	112.6	112.3	101.9	0.0	+0.8	+11.1
Textile products	90.3	*90.2	90.1	89.6	73.6	+0.1	+0.8	+22.7
Fuel and lighting materials	79.9	80.0	79.9	80.1	72.2	—0.1	—0.2	+10.7
Metals and metal products	102.2	102.2	98.6	98.7	97.4	0.0	+3.5	+4.9
Building materials	107.0	106.9	107.1	*106.6	97.6	+0.1	+0.4	+9.6
Chemicals and allied products	89.6	89.7	89.8	88.1	77.0	—0.1	+1.7	+16.4
Housefurnishing goods	99.9	99.9	99.7	98.3	90.0	0.0	+1.6	+11.0
Miscellaneous commodities	85.6	85.6	85.9	85.1	77.0	—0.1	+0.5	+11.0
Raw materials	88.2	89.2	89.6	89.0	71.5	—1.1	—0.9	+23.4
Semi-manufactured articles	89.7	89.7	89.7	90.3	79.7	0.0	—0.7	+12.5
Manufactured products	93.1	93.5	93.1	92.7	82.1	—0.4	+0.4	+13.4
All commodities other than farm products	91.9	92.2	91.9	91.5	81.1	—0.3	+0.4	+13.3
All commodities other than farm products and foods	93.0	93.1	92.3	92.0	83.7	—0.1	+1.1	+11.1

*Revised.

Percentage Changes in Subgroup Indexes from Oct. 18 to Oct. 25, 1941

Increases			
Grains	1.2	Cotton goods	0.1
Mixed fertilizers	0.5	Other building materials	0.1
Woolen and worsted goods	0.2	Furnishings	0.1
Leather	0.1		
Decreases			
Livestock and poultry	4.0	Other foods	0.2
Cattle feed	2.7	Petroleum products	0.2
Meats	2.0	Paint and paint materials	0.2
Other farm products	1.5	Other textile products	0.1
Cereal products	1.1	Bituminous coal	0.1
Oils and fats	1.0	Lumber	0.1
Fruits and vegetables	0.9	Dairy products	0.1

September Department Store Sales 24% Above Year Ago, Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on Oct. 22 that the dollar volume of September department store sales for the country as a whole was 24% larger than in the corresponding period a year ago. This compares with an increase of 32% for August and a gain of 19% for the nine months of 1941 over the same periods of 1940. These figures are based on reports received from each of the 12 Federal Reserve districts. The following tables, issued by the Board, show the percentage changes from a year ago for the country as a whole, for Federal Reserve districts and for leading cities:

DEPARTMENT STORES SALES IN SEPTEMBER, 1941

Report by Federal Reserve Districts

Federal Reserve District—	% Change from corresponding period a year ago Sept., 1941	Aug., 1941	9 Months 1941
No. 1 (Boston)	+26	+31	+19
No. 2 (New York)	+20	r+29	+16
No. 3 (Philadelphia)	+21	+32	+18
No. 4 (Cleveland)	+27	+41	+23
No. 5 (Richmond)	+19	+34	+22
No. 6 (Atlanta)	+21	+34	+20
No. 7 (Chicago)	+25	+28	+18
No. 8 (St. Louis)	+25	+36	+21
No. 9 (Minneapolis)	+22	r+17	+12
No. 10 (Kansas City)	+26	+26	+17
No. 11 (Dallas)	+22	+35	+19
No. 12 (San Francisco)	+29	+34	+20
U. S. total	+24	+32	+19

REPORT BY CITIES

Percentage Change from Corresponding Period a Year Ago

	Sept., 1941	Aug., 1941	9 Mos. 1941		Sept., 1941	Aug., 1941	9 Mos. 1941
Boston District							
New Haven, Conn.	+21	+32	+17	Des Moines, Iowa	+22	+19	+12
Portland, Maine	+32	+29	+19	Sioux City, Iowa	+37	+16	+14
Boston, Mass.	+27	+28	+15	Detroit, Mich.	+29	+42	+25
Springfield, Mass.	+25	+37	+21	Flint, Mich.	+10	+30	+26
Providence, R. I.	+30	+30	+20	Grand Rapids, Mich.	+25	+31	+17
New York District				Lansing, Mich.	+27	+45	+30
Bridgeport, Conn.	+42	+43	+29	Milwaukee, Wis.	+28	+31	+21
Newark, N. J.	+20	+29	+15	*St. Louis District*			
Albany, N. Y.	+17	+29	+16	Fort Smith, Ark.	+16	+30	+16
Bighamton, N. Y.	+31	+43	+24	Little Rock, Ark.	+28	+50	+27
Buffalo, N. Y.	+11	+45	+24	Quincy, Ill.	+29	+24	+15
Elmira, N. Y.	+30	+60	+34	Evansville, Ind.	+13	+29	+15
Niagara Falls, N. Y.	+31	+37	+15	Louisville, Ky.	+33	+57	+37
N. Y. and Brooklyn	+21	r+25	+14	St. Louis, Mo.	+24	+30	+17
Poughkeepsie, N. Y.	+18	+23	+15	Springfield, Mo.	+32	+51	+41
Rochester, N. Y.	+21	+30	+16	Memphis, Tenn.	+24	+36	+21
Syracuse, N. Y.	+24	+41	+23	*Minneapolis District*			
Philadelphia District				Duluth, Minn.-Superior,			
Trenton, N. J.	+20	+31	+18	Wis.	*	*	*
Lancaster, Pa.	+37	+28	+16	Minneapolis, Minn.	*	*	*
Philadelphia, Pa.	+22	+32	+19	St. Paul, Minn.	*	*	*
Reading, Pa.	+21	+31	+21	*Kansas City District*			
Wilkes-Barre, Pa.	+24	+39	+16	Denver, Colo.	+30	+32	+18
York, Pa.	+21	+4	+17	Hutchinson, Kans.	+33	+29	+19
Cleveland District				Topeka, Kans.	+16	+20	+13
Akron, Ohio	+41	+59	+33	Wichita, Kans.	+37	+42	+23
Cincinnati, Ohio	+20	+36	+18	Kans. City, Kans.&Mo.	+28	+21	+17
Cleveland, Ohio	+33	+43	+25	Joplin, Mo.	+29	+36	+22
Columbus, Ohio	+26	+32	+18	St. Joseph, Mo.	+14	+14	+11
Toledo, Ohio	+16	+32	+18	Omaha, Nebr.	+30	+27	+14
Youngstown, Ohio	+35	+36	+28	Oklahoma City, Okla.	+23	+22	+18
Erie, Pa.	+34	+50	+27	Tulsa, Okla.	+21	+24	+15
Pittsburgh, Pa.	+23	+37	+18	*Dallas District*			
Wheeling, W. Va.	+29	+53	+25	Shreveport, La.	+28	+39	+18
Richmond District				Dallas, Tex.	+27	+38	+19
Washington, D. C.	+17	+32	+22	Fort Worth, Tex.	+30	+31	+20
Baltimore, Md.	+20	+36	+22	Houston, Tex.	+9	+34	+16
Winston-Salem, N. C.	+20	+21	+15	San Antonio, Tex.	+29	+38	+27
Charleston, S. C.	+34	+67	+37	*San Francisco District*			
Lynchburg, Va.	+19	+25	+16	Phoenix, Ariz.	+45	+61	+30
Norfolk, Va.	+31	+46	+44	Bakersfield, Calif.	+13	+27	+6
Richmond, Va.	+20	+20	+17	Fresno, Calif.	+22	+32	+11
Charleston, W. Va.	+10	+47	+24	Long Beach, Calif.	+34	+57	+29
Huntington, W. Va.	+27	+48	+22	Los Angeles, Calif.	+24	+31	+18
Atlanta District				Oakland & Berkeley	+30	+31	+13
Birmingham, Ala.	+28	+37	+23	Sacramento, Calif.	+25	+28	+13
Montgomery, Ala.	+18	+30	+15	San Diego, Calif.	+33	+40	+37
Jacksonville, Fla.	+24	+41	+31	San Francisco, Calif.	+28	+22	+16
Tampa, Fla.	+6	+45	+23	San Jose, Calif.	+18	+20	+6
Atlanta, Ga.	+22	+30	+19	Santa Rosa, Calif.	+21	+30	+11
Macon, Ga.	+36	+48	+25	Stockton, Calif.	+22	+27	+8
Baton Rouge, La.	+22	+33	+17	Vallejo & Napa, Calif.	+39	+45	+43
New Orleans, La.	+29	+33	+19	Boise & Nampa, Idaho	+27	+31	+11
Jackson, Miss.	+26	+38	+21	Portland, Ore.	+31	+42	+20
Chattanooga, Tenn.	+20	+41	+22	Salt Lake City, Utah	+29	+33	+19
Knoxville, Tenn.	+21	+38	+21	Bellingham, Wash.	+42	+37	+15
Nashville, Tenn.	+16	+34	+21	Everett, Wash.	+28	+49	+27
Chicago District				Seattle, Wash.	+48	+45	+31
Chicago, Ill.	+22	+18	+11	Spokane, Wash.	+33	+34	+19
Peoria, Ill.	+22	+31	+15	Tacoma, Wash.	+40	+54	+40
Fort Wayne, Ind.	+32	+43	+28	Walla Walla, Wash.	+16	+24	+5
Indianapolis, Ind.	+22	+36	+20	Yakima, Wash.	+25	+37	+8

r Revised. *Not available.

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Nov. 3 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	*157	138	127	123	156	---	138
September	139	122	145	*156	138	136	133	156	202	143
1941—										
Weeks end.:										
Sept. 6	138	122	144	155	138	128	123	156	201	141
Sept. 13	138	122	r145	156	137	130	123	156	201	144
Sept. 20	139	122	r145	r158	137	131	123	156	202	144
Sept. 27	r142	122	145	r158	138	132	123	156	203	143
Oct. 4	140	122	145	*157	138	131	125	156	*203	143
Oct. 11	140	122	144	*160	138	132	126	156	---	142
Oct. 18	141	123	143	*159	139	132	126	156	---	140
Oct. 25	141	123	*142	*159	140	132	126	157	---	138

* Preliminary. r Revised

Petroleum And Its Products

(Continued from page 932)

claims for the expropriated oil properties." "I believe that negotiations can be regarded as finished in general, although I am not in a position to announce . . . a date when the agreement will be signed," the statement said. Representatives of the oil companies in New York said that there had been no change in the situation, to their knowledge, since they refused the terms offered by the Mexican Government a short time ago.

Defense problems and the part that the American petroleum industry will play in the Nation's giant rearmament program were the main topics of discussion at the 22nd annual convention of the American Petroleum Institute which opened early in the week in San Francisco at the Palace and St. Francis hotels. Among the speakers will be Petroleum Coordinator Ickes, and his Deputy Coordinator Ralph K. Davies, former Standard Oil of California executive. Representative Cole, head of the oil probe subcommittee of the House of Representatives, also was scheduled to speak.

There were no crude oil price changes posted this week.

Refined Products

With many of the tankers loaned to Great Britain under the lease-lend bill already returned, and 25 more scheduled to resume normal domestic operations during the current month, the threatened East Coast of crude and refined products, which created such a furor, seems a thing of the past. Motorists will be able to obtain sufficient fuel for their cars, and home owners and industry seem assured of adequate supplies of heating and industrial oils.

The continued spell of warm weather on the East Coast, and in many other sections of the Nation, has held down the demand for heating oils considerably. At the time of the threatened shortage, this was received as a development of considerable benefit but now that adequate supplies seem assured, the picture has assumed somewhat different proportions. Kerosene and No. 2 fuel oil are in slightly better demand but prices still labor under the handicap of buyers' reluctance to stock up at the present time.

Gasoline prices continue firm to strong despite the lifting of sales restrictions. Uncertainty over the future course of crude prices, advances in which are being sought for several fields, and the fact that abnormally warm weather has bolstered consumption prevent a too accurate picture of what the immediate future promises. Lubricants also will be governed by what success the Pennsylvania grade crude oil producers have in obtaining their sought-for price increase.

Should a "full-fledged, all-out war" come, truck fleet operators may face fuel rationing, E. J. Gray, of the Ethyl Gasoline Corporation, stated in addressing the American Trucking Association's convention in New York City this week. The practice of methods to promote fuel economy was classed as a patriotic duty, as well as sound operating policy, by Mr. Gray. "If . . . war comes," he warned," gasoline demand, plus transportation demand, may create a real need for fuel rationing in all parts of the country."

November gasoline quotas for Canadian service stations, although based upon an altered formula, still hold to the original objective of reducing deliveries by 20% of the normal requirements, it was announced in Montreal on Oct. 30 by the Fed-

(Continued on page 938)

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior in its current coal report stated that the total production of soft coal in the week ended Oct. 25 is estimated at 10,810,000 net tons, a slight decrease—140,000 tons, or 1.3% from the preceding week. Production in the corresponding week last year amounted to 8,810,000 net tons.

The latest report of the U. S. Bureau of Mines showed that the production of Pennsylvania anthracite for the week ended Oct. 25 was estimated at 1,224,000 tons, a decrease of 9,000 tons from the preceding week. Output in the corresponding week of 1940 amounted to 1,295,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL (IN THOUSANDS OF NET TONS), WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Calendar Year to Date c		
Bituminous coal a	Oct. 25 1941	Oct. 18 1941	Oct. 26 1940	1941d	1940	1929
Total, including mine fuel	10,810	10,950	8,810	404,497	365,304	435,028
Daily average	1,802	1,825	1,468	1,613	1,441	1,708
Crude petroleum b						
Coal equivalent of weekly output	6,565	6,584	5,831	259,593	254,435	190,502

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702). c Sum of 43 weeks ended Oct. 25, 1941, and corresponding 43 weeks in 1940 and 1929. d Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Oct. 25 1941	Oct. 18 1941	Oct. 26 1940	1941	1940 a	1929 a
Penn. Anthracite—						
Total, incl. colliery fuel b	1,224,000	1,233,000	1,295,000	45,409,000	41,409,000	59,452,000
Comm'l production c	1,163,000	1,171,000	1,230,000	43,144,000	39,339,000	55,171,000
Beehive Coke—						
U. S. total	146,000	156,600	86,000	5,071,100	2,068,600	5,564,500
Daily average	24,333	26,100	14,333	19,887	8,112	21,822

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES (In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Oct.
State—	Oct. 18, 1941	Oct. 11, 1941	Oct. 19, 1940	Oct. 21 1939	Oct. 19 1929	average 1923 e
Alaska	4	3	2	3	(f)	(f)
Alabama	354	350	300	291	369	398
Arkansas and Oklahoma	105	116	67	89	131	88
Colorado	141	159	113	157	200	217
Georgia and North Carolina	1	1	1	*	(f)	(f)
Illinois	1,005	1,040	903	1,196	1,258	1,558
Indiana	500	485	283	410	390	520
Iowa	53	47	47	77	76	116
Kansas and Missouri	151	131	128	164	149	161
Kentucky—Eastern	955	963	684	964	1,008	764
Western	199	200	143	191	306	238
Maryland	37	37	24	38	55	35
Michigan	7	7	8	11	16	28
Montana	83	89	66	78	72	82
New Mexico	24	21	20	25	53	58
North and South Dakota	52	68	69	89	f42	f36
Ohio	681	686	352	542	561	817
Pennsylvania bituminous	2,677	2,715	2,363	2,615	3,000	3,149
Tennessee	146	145	93	141	113	118
Texas	9	9	8	17	22	26
Utah	96	104	66	100	109	121
Virginia	426	423	254	364	265	231
Washington	42	47	34	43	44	68
West Virginia—Southern a	2,236	2,269	1,679	2,207	2,175	1,488
Northern b	801	872	466	741	764	805
Wyoming	165	163	115	134	170	184
Other Western States c	*	*	1	*	f6	f4
Total bituminous coal	10,950	11,150	8,289	10,687	11,354	11,310
Pennsylvania anthracite d	1,233	1,281	850	1,210	1,895	1,968
Total, all coal	12,183	12,431	9,139	11,897	13,249	13,278

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

Subscriptions To Treasury Offering

Final subscription and allotment figures with respect to the Oct. 23 offering of 1% Treasury Notes of Series A-1946 to holders of maturing notes on the Reconstruction Finance Corporation and of the Commodity Credit Corporation were announced on Oct. 30 by Secretary of the Treasury Morgenthau. Subscriptions totaled $502,983,000, of which $299,561,000 was received from holders of RFC notes and $203,422,000 from CCC noteholders. There were $299,839,000 of ⅞% RFC notes of Series P scheduled to mature on Nov. 1, 1941, and $204,241,000 of 1% CCC notes of Series E due to mature on Nov. 15. The details of this exchange offering were given in our issue of Oct. 30, page 801.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	Total Subscriptions Received from Holders of Reconstruction Finance Corporation Notes of Series P	Total Subscriptions Received from Holders of Commodity Credit Corporation Notes of Series E	Total Subscriptions Received (Allotted in full)
Boston	$1,020,000	$5,887,000	$6,907,000
New York	227,076,000	132,088,000	359,164,000
Philadelphia	1,512,000	5,741,000	7,253,000
Cleveland	4,712,000	8,267,000	12,979,000
Richmond	3,848,000	2,647,000	6,495,000
Atlanta	250,000	1,450,000	1,700,000
Chicago	51,712,000	29,091,000	80,803,000
St. Louis	2,010,000	3,755,000	5,765,000
Minneapolis	2,170,000	3,250,000	5,420,000
Kansas City	2,731,000	3,401,000	6,132,000
Dallas	1,920,000	6,041,000	7,961,000
San Francisco	590,000	1,504,000	2,094,000
Treasury	10,000	300,000	310,000
Total	$299,561,000	$203,422,000	$502,983,000

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 31 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 18, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 18 (in round-lot transactions) totaled 428,165 shares, which amount was 13.82% of total transactions on the Exchange of 2,895,630 shares. This compares with member trading during the previous week ended Oct. 11 of 461,740 shares or 14.64% of total trading of 3,127,350 shares. On the New York Curb Exchange, member trading during the week ended Oct. 18 amounted to 78,305 shares, or 13.57% of the total volume on that Exchange of 531,190 shares; during the preceding week trading for the account of Curb members of 88,785 shares was 13.19% of total trading of 574,305 shares.

The Commission made available the following data for the week ended Oct. 18:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,057	769
1. Reports showing transactions as specialists	185	97
2. Reports showing other transactions initiated on the floor	178	26
3. Reports showing other transactions initiated off the floor	174	72
4. Reports showing no transactions	607	579

Note—On the New York Curb Exchange odd-lot transactions are handled solely by specialists in the stocks [illegible] registered and the round-lot transactions of specialists resulting [illegible] odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a [illegible] transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are reg[illegible] on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Oct. 18, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	92,850	
Other sales b	2,802,780	
Total sales	2,895,630	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	203,350	
Short sales	41,130	
Other sales b	192,500	7.54
Total sales	233,630	
2. Other transactions initiated on the floor		
Total purchases	90,660	
Short sales	17,000	
Other sales b	107,290	3.71
Total sales	124,290	
3. Other transactions initiated off the floor		
Total purchases	78,630	
Short sales	5,700	
Other sales b	64,545	2.57
Total sales	70,245	
4. Total		
Total purchases	372,640	
Short sales	63,830	
Other sales b	364,335	13.82
Total sales	428,165	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Oct. 18, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	5,015	
Other sales b	526,175	
Total sales	531,190	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	43,740	
Short sales	3,015	
Other sales b	54,605	9.54
Total sales	57,620	
2. Other transactions initiated on the floor		
Total purchases	4,320	
Short sales	200	
Other sales b	4,385	0.84
Total sales	4,585	
3. Other transactions initiated off the floor		
Total purchases	17,815	
Short sales	990	
Other sales b	15,110	3.19
Total sales	16,100	
4. Total		
Total purchases	65,875	
Short sales	4,205	
Other sales b	74,100	13.57
Total sales	78,305	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	36,702	
Total purchases	36,702	
Total sales	18,971	

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

From Washington

(Continued from first page)

ertheless this could not be taken as a criterion for the steel industry which is not so well organized. Many observers see in Lewis' move the real purpose of establishing the closed shop in the steel industry. That may be so, but it is giving more imagination to Lewis that this writer thinks he has. He was thinking in the terms of hatred against Roosevelt and his foreign policy and in the light of increased power for himself at the forthcoming meeting of the CIO, of which he hopes to regain control, not through himself as President, but through the election of key officers.

So a "compromise" which the steel industry would accept as such, will not be a "compromise" as Lewis looks at it. It wil be a tremendous victory for him. He will have defied the President of the United States and got by with it. This will immeasurably add to his prestige at the CIO convention.

It is possible, of course, that the Mediation Board will not act as it is being predicted it will act. It may be that it will have acted entirely to the contrary before this appears in print. In which event, what has been said will be important as part of the background of a phase of how Washington is doing things. This prediction, too, may safely be made: If the Mediation Board does not rule along the lines as hereby set forth, then Lewis will call another strike.

Now, what is interesting, regardless of how this situation comes out, and regardless of what may have happened in the hours intervening before this is published, is why Mr. Roosevelt did not press Lewis when he had him down. Since he called in Myron C. Taylor and got him and Lewis together, and subsequently received Lewis, which the latter dearly wanted, Washington observers have marveled at the President's lack of forthrightness. It is not that he is a forthright man but he is so bitter at Lewis, particularly, and his fellow isolationists, that it was utterly amazing that he didn't strike at him. Instead, he has been telling friends that Lewis' mine workers presented a difficult problem. Lewis had a tremendous hold over his men, Mr. Roosevelt explained, and it was not a case of the Government just taking over a plant as it did in the case of North American aviation and the Kearny plants. Mr. Roosevelt's thought, apparently, was that the men, loyal to Lewis, would still refuse to work.

Every observer to whom this writer has talked does not believe that would be the case. It is an unhappy commentary on men but the way to break a strike, nine times out of ten, is simply to PRESERVE ORDER. Regardless of the merits of a case, there are always so many men who want to work that invariably when men are assured, by troops or otherwise, that they can work without being beaten up, they WILL WORK. Perhaps, unfortunately for them, they will not stick with their leaders. Surely, Mr. Roosevelt knows this. So he didn't have to "take over" the mines, whatever that means; all he had to do, was to send troops and PRESERVE ORDER.

What has been written is not this writer's opinion alone but the subject of discussion among the Washington newspapermen. The question arises then as to why Mr. Roosevelt didn't pursue this course; why, despising Lewis as he does, he didn't press him into oblivion which he certainly had an opportunity to do.

The answer is, not in this writer's belief alone, that Lewis

outsmarted Roosevelt by injecting the name of J. P. Morgan into the controversy. He put the issue so that Roosevelt to rule against him was on the side of Morgan. It is amazing to thinking men that such things as this could have so much importance in the lives of the American people, but it is a fact that when Lewis issued a statement bringing Morgan into the controversy and inferentially insisting that Roosevelt, in being against him was with Morgan, it made the President flinch. Lewis has chuckled about this to his intimates. He considers it the masterstroke of his life.

Mr. Roosevelt's whole tenure of office has been that he was "against the Morgans and for the laboring man." Morgan was made a symbol of the New Deal when it first came in. This writer shall always recall how the wolves of the pack smacked their chops and waited to move in to devour Morgan at the Pecora hearings in 1933. And I have always though that the only thing that saved the banker from mob attack was the circus press agent stunt of placing a midget in his lap one day. Morgan was the symbol of the depression and mob violence was the order of the day and the crux of the New Deal.

In 1939, after Hitler had gone into Poland, Winthrop Aldrich thought he would cash in on the New Deal's antipathy to Morgan. He came to Washington and told the President in the light of a son, talking to his father, that it would be very bad, indeed, if Morgan were permitted to be the British banker in this Second World War. Winthrop recalled the Nye committee revelations about Morgan. Roosevelt quickly agreed and observed:

"You're absolutely right, Winthrop. But, of course, the same thing applies to you."

Aldrich had been threatening Republic leaders that unless they fell in behind the President's policy, he would withdraw his Republican support and denounce the Rpublication party. The Senators to whom he made this threat—McNary, Taft, Vandenberg—prayed that he would do this.

But when Lewis threw the name of Morgan up to Roosevelt it was more than he could take. He didn't want to give a man like Lewis this issue against him; the issue that Roosevelt and Morgan were playing ball. Now, it would seem that Lewis is bound to come out of the controversy, much stronger than he was before — and the President despising the ground Lewis walks on too! It is something for the books.

Notwithstanding that Bill Knudsen has been pretty much pushed out of the Washington picture, the New Dealers apparently are not yet through with him. After all, in his present deflated capacity he still is a member of the overall defense board, the SPAB. So now an agitation is being built up for the great need of tanks. Tanks, tanks, the story goes, will have us from the machinations of Hitler.

Well, then, if we go in for "overall" tank production, the man obviously to concentrate on that is that tank genius, Bill Knudsen. But, he can't possibly be concentrating on tanks if he has his OPM and SPAB administrative tasks. So he must be relieved from his administrative duties. One wonders why he should be any worry to the New Dealers in the administrative set-up. He doesn't have much of a voice, being outvoted all around. However, he must be troublesome, because the plan just cited comes from the New Dealers.

Non-Farm Mortgage Recordings Down

The $428,000,000 of non-farm mortgages of $20,000 or less recorded throughout the United States during August represented a decline of almost 3½% from the post-depression peak reached in July, according to the "Mortgage Recording Letter" issued by the Federal Home Loan Bank Board on Oct. 13, from which we also quote. "All classes of mortgage lenders participated in this reduction. By declining only 2½% from July, the savings and loan industry, traditionally the leader in the home-financing field, displayed the greatest resistance to the downward movement in real estate financing activity. Mutual savings banks, concentrated largely in the Boston and New York Federal Home Loan Bank districts, evidenced the sharpest July-to-August drop. However, during the first eight months of this year, recording activity of this type of lender has shown by far the greatest relative improvement over the same 1940 period.

"Curtailed mortgage financing activity was rather general throughout the country during August. Gains from July were evident in only two Bank districts, the Winston-Salem and Topeka districts, which registered increases of 2 and 5%, respectively. Declines in remaining areas ranged from less than one-half of one percent in the Des Moines District to as high as 11% in the Boston area.

Type of Lender	Aug., 1941 Volume (000)	Aug., 1941 % of Tot.	% Chg. from July	Aug., 1940 Volume (000)	Aug., 1940 % of Tot.	% Chg. Aug., '40 Aug., '41	Cumulative Recordings January-August (000) 1941	1940	% Change
S. & L. Assns.	$139,156	32.5	—2.5	$121,979	32.4	+14.1	$989,368	$839,659	+17.8
Ins. Cos.	35,995	8.4	—3.4	31,839	8.4	+13.1	257,826	213,939	+20.5
Bank & Tr. Cos.	105,153	24.6	—3.1	93,931	24.9	+11.9	766,443	651,931	+17.6
Mut. Svg. Banks	19,213	4.5	—8.9	15,903	4.2	+20.8	135,998	107,527	+26.5
Individuals	69,002	16.1	—3.4	56,770	15.1	+21.5	509,361	424,822	+19.9
Others	59,580	13.9	—3.9	56,394	15.0	+ 5.6	430,007	392,990	+ 9.4
Total	$428,099	100.0	—3.4	$376,816	100.0	+13.6	$3,089,003	$2,630,868	+17.4

"Total nonfarm mortgage recording activity during the first eight months of this year amounted to almost $3,100,000,000, an increase of $460,000,000, or 17% over the January-August period of 1940. Geographically the smallest percentage gains, from 8 to 10% occurred in Litle Rock, Topeka, and Los Angeles Bank districts, while relative gains in other sections of the country ranged as high as 25% in the Cincinnati District and 37% in the Chicago area."

Federal Reserve Reports Brokers' Balances

The Board of Governors of the Federal Reserve System announced on Oct. 22 that member firms of the New York Stock Exchange carrying margin accounts for customers reported for September an increase of $5,000,000 in their customers' debit balances and a decrease of $64,000,000 in money borrowed by the reporting firms. These firms, says the Board, also reported a decrease of $77,000,000 in the debit balances in their firm and partners' investment and trading accounts. During the year ending Sept. 30, 1941, customers' debit balances decreased by $2,000,000 and money borrowed increased by $26,000,000.

A summary of the customers' debit balances and principal related items of the member firms of the New York Stock Exchange that carry margin accounts, together with changes for the month and year ended Sept. 30, 1941, follows:

(Ledger balances in millions of dollars)

	Sept. 30, 1941	Increase or decrease since Aug. 31, 1941	Sept. 30, 1940
Debit Balances:			
Customers' debit balances	633	+5	—2
Debit balances in firm and partners' investment and trading accounts	93	—77	+24
Cash on hand and in banks	196	+7	—22
Credit balances:			
Money borrowed	396	—64	+26
Customers' credit balances:			
Free	260	—2	—8
Other	78	+6	+22
Credit balances in firm and partners' investment and trading accounts	24	+1	—1
Credit balances in capital accounts	219	—2	—36

Bonds Remain Firm

The bond market has not moved far in either direction during the week under review. Treasury bonds pushed up fractionally to new highs for the year, bettering last year's record high level.

High-grade railroad bonds have lost fractionally in a few instances. Hocking Valley 4½s, 1999, at 130½ were off ¼ point while Chesapeake & Ohio 3½s, 1996, closed ⅜ point lower at 104½. Medium-grade rail issues have not displayed any marked tendency in either direction while speculative rail bonds have lost ground. Among the latter group Pittsburgh & West Virginia 4½s, 1959, at 63½ were off one point and Atlantic Coast Line coll. 4s, 1952, declined ⅜ to 70⅝. Defaulted rail bonds have been lower in sympathy with lower stock prices.

High-grade utility bonds have acted well and Brooklyn Edison 3¼s, 1966, Cleveland Electric Illuminating 3s, 1970, Pacific Telephone & Telegraph 3¼s, 1966, and Southern Counties Gas 3s, 1971, among other, attained peak levels. Considerable activity took place in Columbia Gas & Electric debentures which lost some ground. Speculative issues were inclined to be weak.

Changes in the industrial section of the list have been primarily confined to fractions. A few exceptions to the rule occurred, the General Steel Castings 5½s, 1949, having gained 2¼ points at 96¼ while the Certain-teed Products 5½s, 1948, gained 1⅛ points at 86⅞. Steel company obligations and oils have showed mixed fractional changes, metal company issues have gained fractionally and sugars have been weak. In the tobacco section, the Liggett & Myers 5s, 1951, a high-grade issue, lost ⅞ at 126⅝.

The foreign list has been interesting because of the continued firmness of the South American group. Argentine issues have gained several points while Cuban loans and Uruguayan loans have established new highs for the move. Japanese bonds have been irregular, strength in some of the utility issues contrasting with declines in other sections of the group. Sharp losses have been suffered by German corporate and public issues in reflection of the critical situation caused by the recent naval events. There have also been losses of several points in Danish and Norwegian loans.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Nov. 4	Stock Exchange Closed								
3	120.04	108.34	118.60	115.82	109.42	92.06	97.47	112.19	116.22
1	120.04	108.16	118.40	115.82	109.42	91.91	97.47	112.19	116.02
Oct. 31	120.03	108.16	118.40	115.82	109.42	92.06	97.47	112.19	116.02
24	119.43	108.16	118.40	115.63	109.42	92.06	97.47	112.19	116.02
17	119.23	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
16	119.23	107.98	118.40	115.43	109.06	91.77	97.16	112.00	116.02
15	119.18	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.22
14	119.18	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
13	STOCK EXCHANGE CLOSED								
11	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
10	119.16	107.98	118.20	115.24	109.06	91.91	97.16	112.00	116.02
9	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.22
8	119.13	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
7	119.15	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
6	119.13	107.98	118.40	115.24	109.06	92.20	97.31	112.00	116.02
4	119.17	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
2	119.17	107.80	118.20	115.43	109.06	91.62	97.00	112.00	115.82
1	119.11	107.80	118.20	115.24	108.88	91.62	96.85	112.00	115.82
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.84	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.60	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	120.05	108.34	118.60	115.82	109.42	92.35	97.62	112.19	116.22
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago Nov. 4, '40	117.06	105.00	117.20	112.93	104.83	88.27	94.26	109.60	112.37
2 Yrs. Ago Nov. 4, '39	112.62	100.49	112.56	109.24	98.73	84.55	89.51	105.17	107.98

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Nov. 4	Stock Exchange Closed							
3	3.26	2.72	2.86	3.20	4.27	3.91	3.05	2.84
1	3.27	2.73	2.86	3.20	4.28	3.91	3.05	2.85
Oct. 31	3.27	2.73	2.86	3.20	4.27	3.91	3.05	2.85
24	3.27	2.73	2.87	3.20	4.27	3.91	3.05	2.85
17	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
16	3.28	2.73	2.88	3.22	4.29	3.93	3.06	2.85
15	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.84
14	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
13	STOCK EXCHANGE CLOSED							
11	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
10	3.28	2.74	2.89	3.22	4.28	3.93	3.06	2.85
9	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.84
8	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
7	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
6	3.28	2.73	2.89	3.22	4.26	3.92	3.06	2.85
4	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
2	3.29	2.74	2.88	3.22	4.30	3.94	3.06	2.86
1	3.29	2.74	2.89	3.23	4.30	3.95	3.06	2.86
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.26	2.72	2.86	3.20	4.25	3.90	3.05	2.84
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago— Nov. 4, '40	3.45	2.79	3.01	3.46	4.54	4.12	3.19	3.04
2 Years Ago— Nov. 4, '39	3.72	3.03	3.21	3.83	4.82	4.45	3.44	3.28

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Steel Industry Backlog Estimated At 7 Months Operation At Current Rate—Output At 98%

The "Iron Age" in its issue of Nov. 5 reported that outcome of the move to replace the present priorities system with something better is likely to result in a slow revision over the next few months in the method of distributing materials.

Effects of priorities on the metal industries were shown this week by final returns in the "Iron Age" priorities poll in which approximately 2,000 companies took part. The poll showed that the conversion of civilian product plants to defense goods is farther along than is generally believed, with companies in the poll reporting an average of 65.12% of their current operations for defense. Eleven hundred and seventy-eight companies of the 1,897 submitting complete answers in the survey said their rate of production has not been affected by priorities, but an even 500 companies report priorities losses.

Six hundred and thirty-six companies told the "Iron Age" they are short of steel, although not all of this number had actually been forced to cut operation for that reason. Three hundred and seventy-four companies said they are short of non-ferrous materials such as copper, aluminum and zinc, to a degree which has in most cases curtailed operations, while 146 companies declared their production has been handicapped by shortages of machine tools and small tools of various types. Seventy-nine of the 1,897 companies mailing full answers in the poll said they could operate at a higher rate if they could find more skilled workmen. Latest to attack the priorities system is the SWOC which now claims that 55,000 workmen have already suffered "priorities unemployment" and that the jobs of an additional 45,000 are threatened in the steel and allied metal industries.

Industry and the public has been given a short breathing space by John L. Lewis, Labor Dictator, who has authorized the steel company-owned coal mines to operate without interruption until Nov. 15 while the National Defense Mediation Board studies his "closed shop or else" proposal for the mines. The possibility that the four employer and two public members of the Mediation Board will outvote the five labor members on the coal mine closed shop issue, with its potentialities of an outbreak of closed shop shutdowns in the steel and other industries, has not been entirely cast aside but most observers at mid-week believed Lewis would get what he wants from the board.

Steel production was down little because of the captive mine coal strike, which was stopped in its early stages, but several thousand tons of steel were lost at Pittsburgh when a cranemen's strike at the Homestead, Pa., works of Carnegie-Illinois Steel Corp. resulted in suspension of several open hearth furnaces. This is another example of the "flash" strikes which are continuously interfering with steel production. The result in this case will be delay of structural material needed in national defense. At Homestead, as in many other plants, a few men tied up production at a strategic point and forced many hundreds of workers into temporary idleness. The Homestead tie-up was caused by 200 cranemen but 3,000 men lost from two to three days work. Pay envelope losses by non-striking workmen in such strikes may eventually result in a decline in these "outlaw" defense-hampering shutdowns.

Steel ingot production this week rose to 98%, a gain of one point from last week's revised rate of 97%. Although October bookings were not as heavy as in the record-breaking month of August, new orders did run from seven to 15% ahead of the September figures. The volume of fresh business in October kept ahead of production with the result that backlogs were increased slightly. Steel industry backlogs are now estimated at five to seven months operation at the current production rate. In the last few days, bookings have continued to exceed production.

Iron and steel scrap shipments still are below requirements and dealers are intensifying their efforts to get more material.

For another week efforts by industry to broaden the present limited production stage of the national defense program were increased and were getting results. A steel cartridge case, long sought by many countries in wartime, is said to be near success in U. S. arsenals. Improved knowledge of steel metallurgy has strengthened the prospects of a successful steel cartridge and a lessening of the strain on copper, currently one of the tightest of defense materials. Another development of the past week also described in the current "Iron Age" is a plan for building a very large fleet of stainless steel cargo airplaces for sale to South American Republics. An order for 1,000 planes, said to be the first all-stainless type to go into mass production anywhere in the world, will be awarded shortly.

Structural steel awards dropped to 6,900 tons from 13,925 tons a week ago, the only large order being 3,000 tons for a factory at Toledo, Ohio, for the American Propeller Co.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Nov. 4, 1941, 2.30467c a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Nov. 4, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Nov. 4, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.67

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Nov. 3 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 98.2% of capacity for the week beginning Nov. 3, compared with 99.9% one week ago, 98.1% one month ago and 96.0% one year ago. This represents a decrease of 1.7 points or 1.7%, from the preceding week. Weekly indicated rates of steel operations since Nov. 4, 1940, follow:

1940—		Jan 20	96.5%	Apr 28	94.3%	Aug 4	96.3%
Nov 4	96.0%	Jan 27	97.1%	May 5	96.8%	Aug 11	95.6%
Nov 11	96.1%	Feb 3	96.9%	May 12	99.2%	Aug 18	96.2%
Nov 18	96.6%	Feb 10	97.1%	May 19	99.9%	Aug 25	96.5%
Nov 25	96.6%	Feb 17	94.6%	May 26	98.6%	Sep 2	96.3%
Dec 2	96.9%	Feb 24	96.3%	Jun 2	99.2%	Sep 8	96.9%
Dec 9	96.0%	Mar 3	97.5%	Jun 9	98.6%	Sep 15	96.1%
Dec 16	96.8%	Mar 10	98.8%	Jun 16	99.0%	Sep 22	96.8%
Dec 23	80.8%	Mar 17	99.4%	Jun 23	99.9%	Sep 29	96.9%
Dec 30	95.9%	Mar 24	99.8%	Jun 30	91.8%	Oct 6	98.1%
1941—		Mar 31	99.2%	Jly 7	94.9%	Oct 13	98.4%
Jan 6	97.2%	Apr 7	99.3%	Jly 14	95.2%	Oct 20	97.8%
Jan 13	98.5%	Apr 14	98.3%	Jly 21	96.0%	Oct 27	99.9%
		Apr 21	96.0%	Jly 28	97.6%	Nov 3	98.2%

"Steel" of Cleveland, in its summary of the iron and steel markets on Nov. 3, stated:

Despite severe handicaps the steel industry continues to keep production at a high rate, some units operating well above capacity.

Truce in the captive coal mine strike, reached Thursday, eliminates at least temporarily this threat to continued steel production by mills dependent on these mines for fuel. Before the truce preparations had been made by several important producers to curtail production sharply to conserve coke supplies for most needed purposes. Return of strikers at Great Lakes Steel Corp. plants at Detroit caused resumption there but a strike at Homestead works of Carnegie-Illinois Steel Corp. practically balanced the Detroit gain.

Scrap shortage continues to hamper steel mills, open hearths taken off the previous week still being idle and further curtailment for this cause is being made at several points, though steelmakers are using every effort to obtain scrap to continue production as long as possible.

Doubt is expressed of the success of steel expansion programs under present plans, the blanket priority of A-1-k being far too low to give needed deliveries on numerous steel products, notably plates. Difficulties also appear in procurement of special equipment for blast furnaces and steel mills, manufacturers being booked far ahead on other defense business.

Additional pressure on non-defense production is being exerted by OPM, the past week bringing orders to washer and ironer manufacturers to reduce production by 17.3% for final five months, based on production during 12 months ending June 30. Manufacturers of ice boxes are ordered to cut steel use 35% during the period Sept. 1 to Dec. 31. Producers of structural shapes are asked to curtail the variety of sizes of angles by 50% and in beams, channels and shapes by a slightly smaller per cent. The request will be effective Feb. 1, 1942. Shapes used in ship, freight car and building construction are not affected.

Pig iron allocations for November have been issued and meet general approval, producers and consumers finding the situation much improved over that prevailing before it was established. Practically all needs for defense are being met and some tonnage seems likely to be available for melters without preference. An additional furnace will be blown in at Buffalo this month and a second is under construction there. All furnace production is being shipped and none accumulated. A cargo of 8,200 tons of iron salvaged from a wrecked ship in Delaware River has been allocated to a cast iron pipe producer.

Allocation of scrap is not expected before mid-month after all reports have been received, inventories determined and points of greatest need revealed. Occasional orders have been issued for movement of materials to melters in greatest need and at least one case has developed where a consumer with fairly large reserve has been ordered to accept no more until permission is given. Some additional capacity has been closed down because of shortage but most users have managed to obtain sufficient to maintain a good rate. In general steelmakers are running on current shipments and dipping into stock where the former do not suffice. Reserves are the exception.

Automobile production last week totaled 92,879 units, a gain of 1,024 over 91,855 cars the preceding week. This compares with 118,092 produced in the corresponding week last year.

Production held at 95½% in face of marked changes in two important districts, losses balancing gains. Detroit gained 59 points to 91%, Wheeling advanced 1 point to 95 and Chicago went up 1½ points to a new all-time high of 103½%. Pittsburgh lost 9 points to 90%, eastern Pennsylvania declined 1 point to 92 and Buffalo was 2½ points lower, at 81%. Rates were unchanged in other districts: Cleveland, 97; Birmingham, 95; New England, 90; Cincinnati, 91½; St. Louis, 83; Youngstown, 98.

Better to represent the situation and to reflect prevailing differentials between raw materials and the product in both semifinished and finished form "Steel" this week starts publication of four price composites instead of the three carried for many years. They cover finished steel, semifinished steel, steelmaking scrap and steelmaking pig iron. Figures have been compiled retroactively so that the usual comparisons can be made. In the new presentation finished steel is at $56.73, semifinished steel at $36.00, steelmaking pig iron at $23.05 and steelmaking scrap at $19.17.

On The Foreign Front

European Stock Markets

Fair activity was noted in recent sessions on several of the leading European financial markets, notwithstanding the depressing effect of the war. With currency circulation rapidly expanding everywhere, funds are drifting into equities to a degree. The efforts to curtail and control inflationary phenomena plainly are not entirely successful in any of the great countries actually engaged or on the fringe of war, and the demand for common stocks is a natural result.

Trading on the London Stock Exchange was active late last week, with Cunard and other shipping shares in best demand. Some of the oil issues were taken up early this week, and a considerable upswing developed in diamond shares, owing to rumors of a 15% increase in the price of the brilliants. Gilt-edged stocks were well maintained on the London market, since the Government manages to divert a sizable part of the national income into such obligations.

Continental markets were relatively quiet. Occasional flurries were reported on the great Bourse in Amsterdam, but attention centered persistently in the shares of companies domiciled in the East Indies, the United States and elsewhere. Few reports are available of trends on French, German and Italian markts, but the belated accounts of dealings in all cases suggest quietness and a lack of sensational changes, since the latter would attract the attention of authorities.

Naval Warfare

Naval war is developing swiftly between Germany and the United States, with incident after incident reflecting the growing conflict. The first outright sinking of an American warship in this war was recorded last Friday, after the overnight torpedoing with heavy loss of life of the destroyer Reuben James, while that ship was convoying west of Iceland. The nature of the convoy has not been disclosed, but the reticence on this aspect of the matter leads to the presumption that a British convoy was in question.

In the Navy Department announcement it was indicated that 44 enlisted men had been rescued, some of them badly wounded. Hope for the others was not abandoned until Tuesday, when the Navy disclosed final figures on the ship's personnel. It then appeared that 142 officers and men were aboard the Reuben James, and of these 95 were lost outright and two died after being rescued, making a death toll of 97 in this disaster. The Reuben James, an old destroyer of 1,190 tons, was engaged in convoying when attacked, according to the official Washington disclosures. All indications are that she sank quickly.

Just before these sad tidings were announced, it was made known in Washington that the attack on the destroyer Kearny, on Oct. 17, came after that ship rushed to the defense of an attacked merchantman. The Kearny, which suffered a torpedo hit and the loss of 11 of her crew dropped depth bombs before she was attacked by the submarine. This destroyer reached port without further incident.

Nor are these the only incidents of the naval war, to date. It was made known by the Navy Department, Tuesday, that the Navy tanker Salinas had been torpedoed without loss of life, west of Iceland, on Oct. 30. A bombing plane operating in the Atlantic, the Navy Department disclosed on Monday, had crashed in the "Atlantic Ocean area," with the loss of 11 naval men and one Army officer.

These and other items of the developing naval war naturally pose numerous problems, among them that of the constitutionality of President Roosevelt's order for shooting war. The President steadily has maintained, however, that the action is that of putting down piracy rather than of waging war, which only Congress can declare. After the sinking of the Reuben James became known, Mr. Roosevelt stated to press representatives that he did not expect the sinking to affect American policy or to occasion a breach in diplomatic relations with Germany.

The German Government last Saturday issued a statement deny-

(Continued on page 937)

Revenue Freight Car Loadings During Week Ended Oct. 25 Placed At 913,605 Cars

Loading of revenue freight for the week ended Oct. 25, totaled 913,605 cars, the Association of American Railroads announced Oct. 30. The increase above the corresponding week in 1940 was 75,948 cars, or 9.1%, and above the same week in 1939 was 84,247 cars, or 10.2%.

Loading of revenue freight for the week of Oct. 25 decreased 9,279 cars, or 1.0% below the preceding week.

Miscellaneous freight loading totaled 405,584 cars, a decrease of 1,866 cars below the preceding week, but an increase of 48,120 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 159,828 cars, an increase of 543 cars above the preceding week, and an increase of 3,100 cars above the corresponding week in 1940.

Coal loading amounted to 165,220 cars, a decrease of 2,393 cars below the preceding week, but an increase of 28,790 cars above the corresponding week in 1940.

Grain and grain products loading totaled 35,083 cars, a decrease of 2,481 cars below the preceding week, and a decrease of 5,338 cars below the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Oct. 25 totaled 20,986 cars, a decrease of 2,898 cars below the preceding week, and a decrease of 4,142 cars below the corresponding week in 1940.

Live stock loading amounted to 20,378 cars, a decrease of 2,427 cars below the preceding week, and a decrease of 2,131 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Oct. 25 totaled 16,633 cars, a decrease of 2,535 cars below the preceding week, and a decrease of 1,707 cars below the corresponding week in 1940.

Forest products loading totaled 45,917 cars, a decrease of 400 cars below the preceding week, but an increase of 2,313 cars above the corresponding week in 1940.

Ore loading amounted to 68,455 cars, a decrease of 353 cars below the preceding week and a decrease of 57 cars below the corresponding week in 1940.

Coke loading amounted to 13,140 cars, an increase of 98 cars above the preceding week, and an increase of 1,151 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 Weeks of January	2,740,095	2,557,735	2,288,730
4 Weeks of February	2,824,188	2,488,879	2,282,866
5 Weeks of March	3,817,918	3,123,916	2,976,655
4 Weeks of April	2,793,563	2,495,212	2,225,188
5 Weeks of May	4,160,527	2,351,840	2,926,408
4 Weeks of June	3,510,137	2,896,953	2,563,953
4 Weeks of July	3,413,427	2,822,450	2,532,236
5 Weeks of August	4,464,458	3,717,933	3,387,672
4 Weeks of September	3,539,171	3,135,122	3,102,236
Week of Oct. 4	917,516	806,004	830,102
Week of Oct. 11	903,877	811,906	839,952
Week of October 18	922,884	813,909	856,289
Week of October 25	913,605	837,657	829,358
Total	34,921,366	29,859,516	27,641,645

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 25, 1941. During this period 87 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED OCT. 25

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	656	750	727	1,585	1,303
Bangor & Aroostook	1,646	1,065	1,402	315	254
Boston & Maine	8,908	8,165	8,440	13,898	11,353
Chicago, Indianapolis & Louisville	1,739	1,553	1,733	2,557	2,356
Central Indiana	38	20	39	52	52
Central Vermont	1,479	1,332	1,400	2,528	2 262
Delaware & Hudson	6,977	7,318	5,877	11,433	8,312
Delaware, Lackawanna & Western	9,203	10,314	10,909	8,686	7,585
Detroit & Mackinac	487	649	560	147	110
Detroit, Toledo & Ironton	2,467	2,670	2,571	1,204	1,236
Detroit & Toledo Shore Line	368	486	336	4,116	2,953
Erie	16,511	14,544	13,948	16,499	14,692
Grand Trunk Western	5,947	5,826	4,910	9,455	8,353
Lehigh & Hudson River	182	158	183	2,768	2,331
Lehigh & New England	2,180	2,450	1,922	1,829	1,318
Lehigh Valley	10,351	10,307	10,103	10,060	8,105
Maine Central	3,245	2,654	2,784	3,136	2,224
Monongahela	6,665	3,890	5,562	415	220
Montour	2,546	1,884	2,290	64	55
New York Central Lines	55,013	48,271	44,859	51,956	43,332
N. Y., N. H. & Hartford	13,282	11,258	10,586	16,726	14,377
New York, Ontario & Western	1,235	1,259	1,296	2,276	2,140
N. Y., Chicago & St. Louis	7,348	7,032	6,954	14,570	11,544
N. Y., Susquehanna & Western	491	418	470	1,835	1,602
Pittsburgn & Lake Erie	8,926	8,112	7,993	8,620	7,355
Pere Marquette	7,044	7,065	6,907	6,651	5,554
Pittsburgh & Shawmut	760	601	710	23	78
Pittsburgh, Shawmut & North	435	482	439	313	220
Pittsburgh & West Virginia	1,155	789	1,304	2,299	2,200
Rutland	618	664	672	1,255	1,057
Wabash	6,352	6,310	6,358	11,439	9,583
Wheeling & Lake Erie	5,473	5,022	5,218	4,608	3,457
Total	189,727	173,518	169,462	213,318	177,573
Allegheny District—					
Akron, Canton & Youngstown	746	572	543	1,135	895
Baltimore & Ohio	42,163	35,543	36,854	24,738	19,296
Bessemer & Lake Erie	5,279	6,639	5,980	1,968	2,219
Buffalo Creek & Gauley	303	278	334	5	4
Cambria & Indiana	1,888	1,613	1699	17	11
Central R.R. of New Jersey	8,080	8,033	7,821	16,679	13,612
Cornwall	720	661	667	43	46
Cumberland & Pennsylvania	268	262	290	30	35
Ligonier Valley	137	140	154	61	47
Long Island	895	1,006	839	2,909	2,983
Penn-Reading Seashore Lines	1,830	1,468	1,437	2,096	1,694
Pennsylvania System	91,249	72,420	77,353	60,630	47,775
Reading Co.	18,918	17,081	14,573	23,486	19,456
Union (Pittsburgh)	19,952	18,980	18,439	6,056	6,193
Western Maryland	4,362	3,782	4,556	9,925	6,998
Total	196,790	168,478	171,539	149,778	121,264
Pocahontas District—					
Chesapeake & Ohio	29,867	23,843	30,003	14,256	11,827
Norfolk & Western	25,020	21,234	24,471	6,702	6 084
Virginian	4,536	4,065	4,356	1,974	1,549
Total	59,423	49 142	58,830	22,932	19,460

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Southern District—					
Alabama, Tennessee & Northern	454	297	284	213	199
Atl. & W. P.—W. R.R. of Ala.	853	821	839	2,226	1,624
Atlanta, Birmingham & Coast	775	733	597	1,324	954
Atlantic Coast Line	10,816	10,548	10,138	7,382	6,178
Central of Georgia	4,740	4,500	4,118	4,321	3,467
Charleston & Western Carolina	476	470	400	1,577	1,213
Clinchfield	1,662	1,313	1,425	2,959	2,102
Columbus & Greenville	401	410	448	471	330
Durham & Southern	194	200	201	421	437
Florida East Coast	449	698	654	993	1,107
Gainsville Midland	37	30	39	104	144
Georgia	1,591	1,270	1,003	2,571	1,764
Georgia & Florida	545	322	280	754	464
Gulf, Mobile & Ohio	4,225	4,140	3,708	3,439	3,122
Illinois Central System	28,467	25,950	25,218	15,386	13,504
Louisville & Nashville	26,591	23,198	24,817	8,947	6,666
Macon, Dublin & Savannah	242	136	200	660	613
Mississippi Central	199	161	166	414	404
Nashville, Chattanooga & St. L.	3,939	3,585	3,030	3,846	3,205
Norfolk Southern	1,218	1,299	1,703	1,339	1,268
Piedmont Northern	510	395	430	1,771	1,177
Richmond Fred. & Potomac	430	401	428	5,888	4,417
Seaboard Air Line	10,106	10,199	9,200	7,414	5,504
Southern System	24,942	23,871	23,817	21,104	17,366
Tennessee Central	553	519	422	655	673
Winston-Salem Southbound	160	164	182	1,080	901
Total	124,575	115,630	113,747	97,259	78,803
Northwestern District—					
Chicago & North Western	21,646	22,879	21,096	13,852	11,729
Chicago Great Western	2,918	2,934	2,781	3,534	3,285
Chicago, Milw., St. P. & Pac.	23,480	22,554	21,418	9,541	8,546
Chicago, St. P., Minn. & Omaha	3,757	3,968	4,153	4,700	4,168
Duluth, Missabe & Iron Range	23,415	22,252	13,407	313	258
Duluth, South Shore & Atlantic	1,207	1,078	1,052	522	509
Elgin, Joliet & Eastern	10,468	9,557	8,924	9,823	7,188
Ft. Dodge, Des Moines & South	595	641	480	166	154
Great Northern	25,589	22,718	26,512	4,375	3,424
Green Bay & Western	641	788	715	710	706
Lake Superior & Ishpeming	2,414	3,515	2,660	84	64
Minneapolis & St. Louis	1,994	2,401	1,987	2,510	2,293
Minn., St. Paul & S. S. M.	7,929	7,461	7,787	3,190	2,830
Northern Pacific	14,701	12,482	12,284	4,772	3,880
Spokane International	229	304	239	309	288
Spokane, Portland & Seattle	2,604	1,996	1,674	2,394	1,846
Total	143,587	137,528	127,169	60,795	51,168
Central Western District—					
Atch. Top. & Santa Fe System	23,702	23,989	23,673	9,385	7,819
Alton	3,318	3,258	3,247	2,964	2,459
Bingham & Garfield	981	430	370	87	70
Chicago, Burlington & Quincy	19 782	19,426	19,204	12,197	10,542
Chicago & Illinois Midland	2,685	2,330	1,872	859	797
Chicago, Rock Island & Pacific	13,463	14,014	13,068	11,329	10,032
Chicago & Eastern Illinois	3,086	2,718	3,091	3,092	2,946
Colorado & Southern	1,374	1,553	1,721	2,185	1,708
Denver & Rio Grande Western	4,719	5,581	5,282	4,654	4,569
Denver & Salt Lake	687	529	894	20	15
Fort Worth & Denver City	1,235	1,526	1,325	1,269	1,186
Illinois Terminal	2,049	1,957	1,992	2,092	1,454
Missouri-Illinois	1,022	1,083	1,187	469	441
Nevada Northern	1,842	1,904	1,716	104	116
North Western Pacific	1,164	836	803	520	484
Peoria & Pekin Union	14	19	17	0	0
Southern Pacific (Pacific)	31,402	28,504	26,350	8,369	6,050
Toledo, Peoria & Western	349	449	532	1,743	1,514
Union Pacific System	22,684	22,095	22,130	13,654	10,368
Utah	497	436	580	10	7
Western Pacific	2,011	1,811	1,683	3,310	2,893
Total	138,066	134,448	130,737	78,312	65,470
Southwestern District—					
Burlington-Rock Island	192	155	192	311	279
Gulf Coast Lines	3,459	2,984	3,352	1,860	1,797
International-Great Northern	1,913	1,962	1,718	2,354	2,296
Kansas, Oklahoma & Gulf	233	358	303	1,221	858
Kansas City Southern	2,720	2,207	2,113	3,088	2,079
Louisiana & Arkansas	2,685	2,178	2,125	2,325	1,616
Litchfield & Madison	374	332	442	1,248	956
Midland Valley	828	612	630	316	256
Missouri & Arkansas	239	275	220	407	285
Missouri-Kansas-Texas Lines	4,835	5,008	4,579	3,870	3,124
Missouri Pacific	17,307	16,641	16,594	13,051	10,868
Quanah Acme & Pacific	128	239	137	206	127
St. Louis-San Francisco	9,854	9,246	8,463	6,205	5,070
St. Louis Southwestern	3,293	3,564	3,252	3,590	2,704
Texas & New Orleans	8,124	7,935	8,031	4,151	3,605
Texas & Pacific	5,073	5,013	5,552	5,038	3,962
Wichita Falls & Southern	149	188	152	42	41
Weatherford M. W. & N. W.	31	16	19	43	18
Total	61,437	58,913	57,874	49,326	39,941

Note—Previous year's figures revised * Previous figures.

Foreign Front

(Continued from page 936)

ing categorically the declaration by Mr. Roosevelt in his Navy Day speech that he possesses documents proving a German intention to divide and rule Latin-America and to supplant all other religions with Nazism. Reviewing the Greer and Kearny incidents, the German Fuehrer affirmed that the United States had "attacked Germany" in both cases. Other German quarters asserted that the American destroyers were convoying British merchant ships and therefore were elements in a "British formation."

This brought the retort in Washington that American operations have been defensive from the beginning and that the Nazis now appear to be denying to others even the right of self-defense. It was reiterated, in Mr. Roosevelt's phase, that Germany has begun a shooting war and that all that matters is who will fire the last shot. Secretary of the Navy Frank Knox declared that the sinkings of American ships were "worse than piracy," and that "we are in this fight to a finish."

Also indicative of the Washington attitude are preliminary arrangements for pooling of world shipping of non-belligerent nations, under American direction, in the event of Congressional repeal of the neutrality legislation. The Navy Department announced, Monday, that fifty ships of a special convoy type will be built speedily in the United States for Great Britain, at a cost of $6,000,000 each, to be defrayed under the lend-lease program. The United States Coast Guard was ordered by President Roosevelt, last Sunday, to be placed under Navy Department orders, which is a frank and avowed war measure.

Secretary of State Cordell Hull disclosed, Monday, that a claim had been filed with the German Government for $2,967,092 costs, resulting from the torpedoing by a German submarine in the South Atlantic, May 21, of the American flag freighter Robin Moor. The German Government, he added, has declined to consider this claim, and the matter therefore has been filed for post-war consideration. Mr. Hull also revealed that the German Charge d'Affaires, Hans Thomsen, declined to transmit to Berlin a copy of President Roosevelt's message to Congress, in which the sinking of the Robin Moor was termed an act of piracy by an international highwayman.

American Neutrality

Debates continued furiously in Washington, this week, regarding the Administration proposal for amending the neutrality legislation in a manner to permit the arming of U. S. merchant ships. Already approved by the House, the proposal was widened in the Senate to permit the sending of our merchant vessels into belligerent ports. It is generally agreed that this is the approximate equivalent to an all-out war step, and Senate debates have been based on that realization.

The mild reaction in the White House, however, to the sinking of the American destroyer Reuben James has occasioned some questioning whether even the complete repeal of the neutrality laws would be regarded by Mr. Roosevelt as carte blanche for the waging of total war against Germany. In an impromptu speech at Hyde Park, Monday, the President commented at length on the benefits of democracy and doubted that the Nazi "new order" ever would prevail in this country. "I hope very much that the rest of the world won't be forced into it," he said.

These quiet comments by Mr. Roosevelt contrasted sharply with his previous bellicose utterances and also with the many forensic demands in Washington for action, now that shooting war with the Nazis admittedly has begun. The complete lack of American neutrality from the beginning now is acknowledged, however, and it may be questioned whether official restraint at this late day can prevent an A. E. F. and other accompaniments of total war. Warfare on the all-out scale and basis would conflict diametrically with the many assurances held out by Mr. Roosevelt a year ago, which may or may not be an influence at this time.

Finland and America

Signs of a rapid deterioration of relations between Finland and the United States are apparent in the unwillingness of the small European country to halt its war against Communist Russia at the behest of the democracies. Washington, like London, made it known some months ago that efforts were in progress to arrange a pacific settlement of this conflict. The Finnish authorities insisted at the time that their war was a defensive one, in which they were happy not to be alone.

Secretary of State Cordell Hull announced last Monday some of the circumstances of this intervention in the war and added that Finland, if she wishes to retain American friendship "now and later," must discontinue what he called offensive operations against the Soviet Union. A peace offer from Russia to Finland was transmitted to Helsinki on Aug. 18, the Secretary revealed, with territorial compensation to Finland the basis of the offer. No answer has been received from Finland, it was indicated, and Finnish forces merely have continued their actions.

In conection with this controversy, Washington dispatches stated that Finnish forces have advanced an average of 30 miles into Russian territory and are fighting almost entirely on Soviet soil. The Rusians, however, still hold the former Finnish base at Hango. War reports make it clear that Finnish and German troops are only 14 miles from Murmansk, which is a vital point on the Arctic coast. Capture of that port would aid the Germans vastly in aerial bombing opera-

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Petroleum And Its Products

(*Continued from page 933*)

eral Oil Controlled. "Discretion as to increased or decreased deliveries to dealers has been transferred from the distributors to the Controller," the announcement said. "A dealer seeking variation from his quota must make representations to his distributor and the distributor must in turn make application for a ruling by the Oil Controller." Another change ordered the establishment of minimum and maximum quotas.

Motor vehicle owners were "assessed" $870,000,000 in general taxes, often overlooked in computation of the tax burden of American motorists, during 1940 in addition to the $1,136,500,000 expended for highway improvements, the American Petroleum Industries Committee reported at the 22nd annual meeting of the American Petroleum Institute in San Francisco this week. This contribution to the expense of Federal, State and local governmental units is equal to the total collection of all kinds of taxes by the States in 1922, and is more than twice as great as the 1940 tax bill of the Nation's railroads, it was pointed out.

The American Petroleum Institute refinery report, covering stocks of finished, unfinished and aviation motor fuel, refinery operations, etc., was delayed because of the Election Day holiday in New York City and was not released by press time today (Wednesday).

Price changes in the major refined product markets were few and confind mainly to local readjustments.

(Due to the holiday there has been a delay in the release of the weekly refined products statistics. They will appear in a later issue—Ed.)

Scientific Advances Described to Group

(*Continued from page 930*)

usual guides to sound investment and continuing commitments entirely to common stocks, he said. He continued:

Some thought, of course, should be given to protection against possible inflation, and certainly inflation which is expressed in sharply rising living costs. There is no reason why you should not have some of the raw material producers in a list in reasonable amount such as the coppers and oils. By all means, you should have some of the better grade retail stocks that profit from the boomtime consumer spending. It is important generally to avoid companies that have a high labor cost in relation to total costs unless such companies can easily raise their selling prices to offset these cost increases.

It is also important to have a fairly large percentage of your stock commitments in those companies which are free from heavy debt or prior charges. You should include some young and vigorously growing new industries whose progress assures them a leading place in postwar reconstruction. Generally you should choose stocks representing companies with a large invested capital relative to market prices of the issues. Also you should have a number of fully integrated producers that control all of their production and distribution process.

Remember that inflation is not something that suddenly comes upon us. The path of inflation is a long and winding one. One form of inflation might, if it extends over a long period, develop into another which would require portfolio changes. We are apt to have our most serious inflation following the end of the war just as we did after the World War when commodity prices reached a very high peak in 1920 and 1921. But some measure of inflation as expressed by rising living costs is bound to occur as the war progresses and we take more and more of a part in it.

Auction Sales

The following securities were sold at auction on dates indicated:

Transacted by R. L. Day & Co., Boston, on Wednesday, Oct. 22:

Shares	Stocks	$ per Share
600	Boston & Maine RR. prior pref., par $100	8⅛
200	Victoria Gypsum Co., Ltd., com. VTC	$30 lot
10	Massachusetts Real Estate Co., par $50	20
30	Associated Gas & Electric Co., class A, par $1	
1	Associated Gas & Electric Co., common, par $1	$1½ lot
49	Public Utility Holding Corp., com. with 27 warrants	
25	General Investment Corp., common, par $1	
80	Chicago Northwest Railway Co., com., par $100	
20	New England Public Service Co., com., par $5	
10	United Light & Power Co., class A	$24 lot
5	Old Colony RR., par $100	
10	American & Foreign Power Co., 2nd pref.	
400	Victoria Gypsum Co., Ltd., com., VTC	$85 lot
	Bonds—	
$1,000	Flour Mills of America, 6½s April, 1946, coupon April, 1939, on	27¾ lot

By R. L. Day & Co., Boston, on Wednesday, Oct. 29:

Shares	Stocks	$ per Share
10	Farr Alpaca Co. (all dividends paid), $50 par	1½ lot
10	Chicago & Northwestern Rys. Co., com., $100 par	5c lot
30	Wabash Ry., preferred A, $100 par	1¼ lot
2	United Washingtaon Ry. & Elec.	15
83	Chicago & Northwestern Ry., com., par $100	25c lot
1,000	East Boston Co., par $10	$70 lot
30	Robertson Paper Box, com., $5 par	8⅜
20	Butlers Point Associates, pref. ctfs. benef. int.	$10 lot
$11,800	Butlers Point Associates, 10-year note 5s. Nov., 1943	
32	Indian Orchard Co.	1¼ lot
1,000	International Shoe Co.	1¼ lot
	Bonds—	
$121,000	International-Great Northern RR., 5s, July, 1956	15⅞ flat
$100,000	New York, Ontario & Western Ry., 4s, June, 1992	5¾ flat

Transacted by Barnes & Lofland, Philadelphia, on Wednesday, Oct. 22:

Shares	Stocks	$ per Share
10	National Bank of Lansdowne, Pa., par $50	40⅛
15	Roosevelt Cemetery, common	$7.500 lot
150	Roosevelt Cemetery, preferred	
12	Seltzer Fastener Co.	$50 lot
100	Warner Bros. Pictures, com.	5
1	Quaker City Leasing Corp.	$10 lot
100	Philadelphia Transportation Co., pref. VTC, par $20	3⅛
50	Chicago, Milwaukee & St. Paul Ry., com.	$1 lot
60 units	Underwriters Group Capital Retirement Plan, series UG-B	2½
533	Central Public Utility Corp., class A, par $1	$2 lot
1	Electric Shareholdings Corp., common, par $1	$1 lot
5	United Film Industries, Inc., preferred, par $100, with 5 shares common, no par	$1 lot
19 11/12	Parkview Beachfront co., common B, no par	$100 lot
53	Irving Worsted Co., Chester, Pa., no par	10
10	Irving Worsted Co., Chester, Pa., no par	12½
52	Paint Specialties, Inc., preferred, par $100	$15 lot
20	Arcade Real Estate Co., preferred, par $50	$2 lot
30	Drueding Bros., B common, no par	20⅛
250	Rider-Wilkinson, Inc., common, no par	$8,310 lot
262	Insurance Finance Corp., common, par $10	2
100	Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., pref., par $100	$6 lot
100	Wabash Ry. Co., common, par $100	$6 lot
57	Lehigh Valley Coal Corp., no par	1¼
50	Philadelphia Life Insurance Co., par $10	1⅜
5	Bankers Securities Corp., common, par $50	6
46	Bankers Securities Corp., preferred, par $50	16½
21	The Pennroad Corp., common, par $1	2⅞
160	Packard Motor Car Co., no par	2¼
15	Central-Penn National Bank, par $10	32¼
6	Philadelphia National Bank, par $20	101
10	Irving Worsted Co., Chester, Pa., no par	10
12	National Press Building Corp., preferred, no par	$9 lot
25	United Gas Improvement Co., common, no par	6¾
10	United Corp., common, no par	⅜

Bank Debits Up 22% From Last Year

Bank debits as reported by banks in leading centers for the week ended Oct. 29 aggregated $11,012,000,000. Total debits during the 13 weeks ended Oct. 29 amounted $135,076,000,000, or 29% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 27% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 30%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District	Week Ended Oct. 29, 1941	Week Ended Oct. 30, 1940	13 Weeks Ended Oct. 29, 1941	13 Weeks Ended Oct. 30, 1940
Boston	509	496	7.288	5,982
New York	4,705	3,919	53.392	42,200
Philadelphia	568	445	7.369	5,462
Cleveland	796	585	10 029	7.658
Richmond	435	328	5,553	4.094
Atlanta	349	265	4.4°4	3 289
Chicago	1,557	1.350	20 463	15 644
St. Louis	365	281	4.454	3.196
Minneapolis	195	168	2.767	2.137
Kansas City	321	257	4.403	3.396
Dallas	295	2'5	3.557	2.612
San Francisco	918	661	11.309	8.889
Total, 274 reporting centers	11,012	8 968	135.076	104 559
New York City*	4.330	3 581	48 755	38 390
140 Other leading centers*	5,769	4.674	74.444	57.056
133 Other centers	913	713	11.877	9,113

* Included in the national series covering 141 centers, available beginning with 1919.

Changes In National Bank Notes

The following shows the amount of National bank notes afloat (all of which are secured by legal tender deposits) at the beginning of September and October, and the amount of the decrease in notes afloat during the month of September for the years 1941 and 1940:

National Bank Notes—All Legal Tender Notes—	1941	1940
Amount afloat Sept. 2	$150,073,040	$163,876,107
Net decrease during September	1,303,845	1,129,415
Amount of bank notes afloat Aug. 1	$148,769,195	$162,746,692

Note—$2,182,009.50 Federal Reserve *bank* notes outstanding Oct. 1 1941, secured by lawful money, against $2,203,796.50 on Oct. 1, 1940.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236.693	79	73
July	544,221	587,339	196 037	72	73
August	452,613	487,127	162.653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184 002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202.417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
Week Ended 1941—					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466.064	84	80
May 17	161,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529.633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572.635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574.991	98	86
Oct. 25	165,279	168,146	568,161	100	86

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Commodity Price Index Average Advances

The general level of wholesale commodity prices was slightly higher again last week, according to the weekly commodity price index compiled by The National Fertilizer Association and made public on Nov. 3. In the week ended Nov. 1, 1941, this index was 116.1% of the 1935-1939 average. It was 115.9 in the preceding week, 116.5 a month ago, and 97.7 a year ago. The index has risen 16% since the first of the year and is now 19% higher than in the corresponding week of 1940.

The principal price changes during the week occurred in the farm products index, with 11 items included in the group advancing and only 3 declining. Despite substantial increases in farm product prices over the past two weeks the group average is still 4% below the high point of the year, recorded Sept. 13. The textile index moved upward to the level of Aug. 9, which was the highest point recorded by it since 1929. A decline in the food index was the result of lower prices for butter, flour, rice, bananas, and several meat quotations. The index representing the prices of miscellaneous commodities declined for the fourth consecutive week as cattle feed prices continued their downward trend; the price of cottonseed meal was also lower. The general level of industrial commodity prices remained unchanged.

During the week 20 price series included in the index advanced, while 21 declined; in the preceding week there were 30 advances and 19 declines; in the second preceding week there were 21 advances and 36 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Nov. 1, 1941	Preceding Week Oct. 25, 1941	Month Ago Sept. 27, 1941	Year Ago Nov. 2, 1940
25.3	Foods	112.5	113.2	113.7	89.3
	Fats and Oils	122.6	122.5	129.2	64.3
	Cottonseed Oil	145.3	145.3	155.0	61.0
23.0	Farm Products	115.7	114.0	117.9	86.7
	Cotton	155.0	148.4	157.1	87.4
	Grains	105.2	103.3	108.1	83.3
	Livestock	109.8	109.5	112.5	85.6
17.3	Fuels	112.3	112.3	110.8	101.3
10.8	Miscellaneous Commodities	125.1	125.2	125.7	110.5
8.2	Textiles	140.0	137.5	138.4	107.7
7.1	Metals	104.0	104.0	103.8	103.2
6.1	Building Materials	131.5	131.5	127.6	116.7
1.3	Chemicals and Drugs	112.3	112.3	107.6	103.5
.3	Fertilizer Materials	114.5	114.5	114.3	104.2
.3	Fertilizers	107.5	107.5	107.1	103.0
.3	Farm Machinery	100.2	100.2	99.7	99.5
100.0	All Groups Combined	116.1	115.9	116.5	97.7

*Base period changed Jan. 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Nov. 1, 1941, 90.4; Oct. 25, 1941, 90.3; Nov. 2, 1940, 76.1.

Secretary Wickard Agrees Thoroughly With Objectives Of Price Control Bill

Appearing before the House Banking and Currency Committee on Oct. 21, Secretary of Agriculture Claude R. Wickard expressed himself as agreeing "thoroughly with the objectives" of the price control bill—public hearings on which before the Committee were concluded on Oct. 23. In stating that "one of the merits of the pending bill is its acceptance of the parity principle," Secretary Wickard went on to say:

I assume that the bill uses the parity principle for farm prices because it is fair to both farmers and consumers. It asks no more of consumers than that they should pay prices sufficient to keep farmers producing under conditions which will permit a decent standard of living. Fair-minded consumers will admit that farm product prices have been bargain prices during most of the last 20 years. While the price increases have been relatively sharp in some commodities, as recently as September food was still the cheapest component of the cost of living, standing at 84.4% of the 1924-29 average as compared with 86.5% for all living costs combined.

As I understand the purpose of the pending bill, it is to cut off the inflationary spiral before it really gets started. The administrative effort will necessarily be to maintain a fair relationship among prices, and a practical margin between prices and costs. If a producer's prices are fixed at a given level, obviously his costs cannot be permitted to rise so high as to wipe out his net income. One advantage of the parity formula is that it reflects changes in the costs of production. The prices of industrial goods bought by farmers include the wages paid by industry, and a change in wage rates sufficient to change the price of the item will change the index of prices paid by farmers.

Section 3 of the bill provides that no price ceiling shall be established on any agricultural commodity below 110 percentum of the parity price or comparable price for such commodity, or the market price prevailing for such commodity on July 29, 1941. There has been a good deal of discussion of this 110% figure.

Farmers have been accused of greediness, of not being content with parity. Let me say here and now that accusations of that sort are unjustified and unfair. The farm price ceiling provision of this bill is certainly no basis for such a conclusion.

There is a perfectly practical and obvious reason for stipulating that no ceiling should be imposed on farm products at less than 110% of parity, rather than exactly at parity. As every farmer knows, farm product prices fluctuate every day. The supply of a commodity coming on the market changes from day to day, and the demand changes from day to day. Prices fluctuate accordingly. Price fluctuations may be desirable to stop the flooding of markets at certain periods. As a rule daily price fluctuations are relatively small, but they ought to be allowed for in order to keep to a minimum the amount of administrative supervision necessary. If ceilings were placed exactly at parity, the daily fluctuations in the market would necessarily all be between parity and some lower figure, and as a result, farmers could not possibly average parity. The real purpose of restricting ceilings to a point somewhat above parity is to make it reasonably sure that all farmers will have an opportunity to get parity. After all, it happens to be the expressed policy of Congress and the Administration to achieve and maintain farm prices at parity.

In order that the intent of Section 3 shall be clear, and in order that the instructions for administration of the section may be as specific as feasible, I should like to suggest to the committee certain clarifying changes in the language, as follows:

Sec. 3. (a) So as not to prevent the season's average prices for any agricultural commodity from averaging 100 per centum of parity, no ceiling shall be established for any agricultural commodity below (1) the market price equivalent of 110 per centum of the parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture, or (2) the market price prevailing for such commodity on July 29, 1941.

These changes in language are designed to leave no doubt of the intention of Congress to obtain parity for farm products. The revised language also uses the term "market price equivalent." Since a parity price is a farm or local market price, it is necessary, for purposes of administration, to determine at regular and frequent intervals the market price equivalent of parity at the major terminal markets for any commodity. It is also necessary, as the new language suggests, to take into account in the administration of this section, necessary adjustments for differences in the grade of a commodity, location, and for seasonal factors.

At the start of his statement before the Committee, Secretary Wickard pointed out that "price control alone cannot, of course, prevent inflation." "The Congress and the Administration," he said "have already recognized this by steps taken to dampen the tremendous increase in consumer purchasing power, by increased taxation, by increased saving by individuals, and by checking uncontrolled installment selling. But beyond all these, important as they are, is the necessity for increased production. That is the surest preventive of inflation."

In part Secretary Wickard also said:

I know from personal experience what inflation does to agriculture. I was farming before the World War, during it and after it. I saw prices double in three or four years, and along with a lot of other farmers got quite excited about it. Then I saw the bottom drop out of prices, and that memory has stayed with me. Inflation feels fine while you are in the midst of it. It is the deflationary bump that hurts. . . .

Thus far, the parallel between World War I and World War II, as far as farm prices and costs are concerned is too close for comfort. I am sure that this committee has already studied charts of price behavior during the two wars and has noticed that prices during 1914-16 and again during 1939-41 seemed to be following an almost identical course. These price charts, together with other things we see happening daily, make it appear that we may be starting on the same ruinous inflation we set out upon at about the same time in the last war.

No farmer who remembers the bitter experiences of the last post-war period wants to see this kind of inflation again. He knows that prices pushed up by speculative influences or other distortions cannot be sustained. No farmer wants another 1921, nor 1932. I don't believe that major economic depressions are inevitable, but I am sure that the only way to prevent them is to prevent the inflation which breeds them.

The recent increases in farm prices have been unusually rapid, but I want to make it plain that in my opinion they are not yet out of line, for the reason that these are increases from levels which were abnormally low.

Foreign Front

(Continued from page 937)

tions against the White Sea route into Archangel, which Washington and London desire to keep open as a supply port for the Russions. A German move into the Caucasus might make Archangel the only relatively safe port of entry in all of Russia.

Secretary Hull was reported to have enlarged upon the Finnish-American relations to an extraordinary degree, Monday. Emphasizing the warm regard of the United States for the small country, Mr. Hull expressed the view that continued Finnish operations against Russia not only would harm Finland but would bring the war nearer to the United States. The association of Finland with Germany, he contended, would lead to the complete subjugation of Finland to the whims of Hitler.

On the same day the Finnish authorities in Helsinki stated to American press representatives that they have already determined the lines on which they can safely stop their advance into the territory of the country which attacked them brutally two years ago. This area must remain a military secret for the time being, they added, and they also indicated that this was not a matter on which they are willing to accept the views of others.

Hyde Park Parley

All phases of the international situation of interest to Canada and the United States were discussed in lengthy conversations at Hyde Park, over the last week-end, between Prime Minister W. L. Mackenzie King and President Franklin D. Roosevelt. Such was the official word resulting from the talks, which doubtless ranged over "anything and everything." Mr. Roosevelt emphasized the long personal friendship with the Canadian official which caused the meeting.

It would seem, however, that the meeting may well have resulted in tentative formulations of important new policies. A meeting at Hyde Park early this year terminated in far-reaching arrangements which, in effect, integrated Canada in the United States program of lend-lease aid to Great Britain. After the latest Hyde Park conference ended, rumors circulated in Washington that fresh economic steps would supplement the earlier measures, in a manner to aid the Canadians. Also of some interest is a comment made by Mr. King, upon his return to Ottawa, that "the whole trend of American opinion and official decision has been to regard neutrality as a mask and to throw it off altogether."

Winter Battles

Battlefront reports from Moscow and Berlin show plainly that the Nazis are continuing to make some progress against their self-chosen Communist adversaries, but there is no longer much likelihood of a final decision in this vast war before real wintry weather settles over the woods, fields and steppes of Russia. The heavy snows associated with Russia have not yet appeared. Rains have fallen steadily around the Moscow front for some weeks, however, and piercing cold already is noted near Leningrad. Far to the south, in the Ukraine and Crimea, the Germans have been able to make more progress than on other fronts, since the weather is milder.

All of this suggests that General Winter may turn out in the end to be one of the most effective of Rusian allies. There is no certainty about this, on the other hand, for frozen ground may bring the German superiority in mechanized equipment into more effective operation. For the time being it may be more appropriate to say that General Autumn, with his unexpectedly heavy rainfall, has proved an excellent aid to the beseiged Rusians, especially in the Moscow sector.

Military reports from both sides have been meager as to the battle for the Soviet capital. Moscow was admitted by the Russians to be in danger several weeks ago, and the transfer of important government offices to Kuibyshev emphasized the situation. An almost continuous downpour stalled the German armies, and gave the Russians time to reorganize their defenses. Fresh Communist reserves were thrown into the battles, which continue to rage fiercely, for the Nazis also brought up vast reserves. The Reich troops now are reported in a semi-circle west, north and south of Moscow, which is being pounded day and night by aerial bombs.

The Leningrad siege was maintained by the Germans without abatement, despite freezing weather. Strenuous efforts were made by the Russians to break the steel ring around the city. Berlin admitted that some of these attacks almost succeeded, which attests the fighting strength and determination of the Communists locked up in the second Russian city.

It is the southern front that showed greatest fluidity in recent days, and that reflected to the greatest degree the hitting force of the German Panzer divisions. The Nazis finally broke through the Perekop Isthmus, late last week, and are now reported to have swarmed over a large part of the Crimea. Berlin says the Russian forces have been split in two, with the several groups fleeing the Crimea through Sevastopol and Kerch.

Russian authorities made little information available as to the situation in the Crimea, possibly because their reports were inadequate. All military experts were agreed that the German reports, if correct, presage Nazi control of the highly important peninsula, which probably will be one jumping-off place for a drive to the Caucasus oil region. In the Ukraine, meanwhile, the Germans staged a second and equally significant drive toward Rostov, and the west bank of the Don River. This is the straight land route to the Caucasus, where a further German success would endanger the Russian lifeline of supply through Iran, and provide the Nazi with vitally needed oil.

American and other neutral press correspondents were conducted by the Germans, over the last week-end, on a lengthy tour of the Ukraine. All dispatches from such sources agreed that the Nazis gained sizable quantities of grain and some other supplies, and are already laboring energetically to bring the region back into production. But men are lacking in the Ukraine, and the cities are devastated, which makes the value of the region to the conquerors questionable.

Near Eastern Region

Active warfare moved steadily nearer to Western Asia, as the Nazis drove toward the Caucasus and its oil fields in recent days. There is still no large scale action to report, however, in the area from Gibraltar to Singapore, and no conclusive indication of the means Great Britain will take to counter the threat to her lifeline. That vast preparations are in progress is well understood, on the other hand, and great battles in the Near and Midle East may be only a few weeks distant.

The Turkish authorities apparently viewed matters with increasing anxiety of late, for President Ismet Inonu last Saturday offered the services of his government as a peacemaker. He emphasized the determination of Turkey to maintain her integrity and independence, while pointing to the dangers of his country's strategic position, in the midst of the European, Asian and African theaters of war.

Enormous efforts are known to be in progress by the British for augmenting the supply line to Russia through Iran, and it may well be that troops are being rushed to the Caucasus for a joint defense with the Russians against the Nazi invadors. The British problem of supply also is difficult in this area, however, and London intimated this week that real large-scale action might develop elsewhere. British forces in the Western Desert region of Libya and Egypt were quiet, and the German-Italian troops showed little disposition to push the fighting. Aerial bombing of Italian cities was continued by the British, who also dropped some bombs upon German concentrations in Crete.

Anglo-German Battles

Little change occurred this week in the war between Great Britain and the German Reich, which has steadily been a matter of aerial and sea conflicts since last Spring. Heavy British bombings of German cities and the German-held invasion coast of the Continent were almost a daily matter. Bombs were dropped upon Eastern German cities on Tuesday, as well as those in Western Germany. The Reich forces sent a few bombs hurtling upon British cities, and one lone raider was reported over London.

In the war at sea the Germans claimed numerous sinkings of British merchantmen, but their recapitulation of October operations indicated a decline in the rate of sinkings. Berlin placed the October total of British and allied ship losses at 441,300 tons, against 683,400 tons for September. All such German claims have greatly exceeded the admitted losses of the earlier months of the war. British fliers bombed and sank a number of German ships, early this week, in raids over the North Sea and Norway. London announced Tuesday that no less than 1,276 Germans had been captured as the result of submarine sinkings, which indicated positively that no less than 40 submarines have been destroyed, in the course of the war. The sinkings from which no rescues were made naturally would augment the total.

Both of the great antagonists in the Western European war are suffering from privations and difficulties of every sort. The British food position is said to be good, but shortages of coal and other essentials will make the winter a hard one. Germany also is short of coal and other comforts of winter existence, and likewise appears to have a fair supply of foodstuffs.

The political position in London shows some patchy spots, owing in part to the popular demand for a more effective move in aid of the Russians. Predictions were rife this week of Cabinet shifts in London. The Russians, it appeared, were anxious to see London declare war against Rumania, Hungary and Finland. Only with respect to Finland is the British Cabinet reluctant, for

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President Says "Shooting Has Started" In Address Demanding End Of War Zone Ban

President Roosevelt declared on Oct. 27 that as a result of the recent Nazi submarine attacks on American destroyers and American-owned merchant vessels "the shooting has started" and "America has been attacked." In a radio broadcast from the Navy Day dinner at Washington, the President stated that "history has recorded who fired the first shot," adding that "in the long run, however, all that will matter is who fired the last shot."

Saying that "the forward march of Hitler and of Hitlerism can" and "will be stopped," Mr. Roosevelt asserted that "very simply and very bluntly—we are pledged to pull our own oar in the destruction of Hitlerism." He added:

And when we have helped to end the curse of Hitlerism we shall help to establish a new peace which will give to decent people everywhere a better chance to live and prosper in security and in freedom and in faith.

Claiming that "it is the nation's will that America shall deliver the goods," the President called for the elimination of "hamstringing provisions" of the Neutrality Act in order to accomplish this end; Mr. Roosevelt also took occasion to declare that defense output "cannot be hampered by the selfish obstruction of a small but dangerous minority of industrial managers" and "of labor leaders."

In his address the President made the statement that "I have in my possession a secret map made in Germany by Hitler's Government—by the planners of the New World Order.

He went on say:

It is a map of South America and a part of Central America as Hitler proposes to reorganize it . . . The geographical experts of Berlin. . . . have divided South America into five vassal states, bringing the whole continent under their domination. And they have also so arranged it that the territory of one of these new puppet states includes the republic of Panama and our great life line—the Panama Canal. That is his plan. It never will go into effect!

This map makes clear the Nazi design not only against South America but against the United States itself.

Your Government has in its possession another document made in Germany by Hitler's Government. . . .

It is a plan to abolish all existing religions—Protestant Catholic, Mohammedan. Hindu. Buddhist and Jewish alike. . . .

In the place of the churches of our civilization there is to be set up an international Nazi church—a church which will be served by orators sent out by the Nazi Government. In the place of the Bible, the words of "Mein Kampf" will be imposed and enforced as holy writ.

Reference was also made by the President to the needs of Russia and he quoted the Secretary of State in setting out a reason "to justify our giving aid to Russia." In another part of his remarks the President stated that "the lines of our essential defense now cover all the seas; and to meet the extraordinary demands of today and tomorrow our navy grows to unprecedented size. Our navy is ready for action. Indeed, units of it in the Atlantic patrol are in action."

In conclusion the President said:

We Americans have cleared our decks and taken our battle station. We stand ready in the defense of our nation and the faith of our fathers to do what God has given us the power to see as our full duty.

Regarding an interpolation in the President's address bearing on the miners' strike which began on Oct. 27, despite the President's persistent opposition, the Baltimore "Sun" from its Washington bureau on Oct. 27 reported:

The Navy League audience here, one of a hundred Navy Day gatherings throughout the country, was more demonstrative in its reaction to a line of the President's speech devoted to a domestic defense crisis—a line interpolated into the prepared text—than to any other single statement in the whole address.

It was a line referring by inference to the captive coal mine strike and to the Executive's thus far fruitless efforts to win the cooperation of John L. Lewis, United Mine Workers President, in settlement efforts.

The President had been saying that America's total defense effort required the utmost production from "every assembly line—

"Yes, and from every coal mine," he put in.

The audience broke into a loud and prolonged cheer.

A moment later there was more cheering when the President, denouncing the "selfish obstruction" of "a small but dangerous minority of labor leaders," added to his prepared text an expression of belief that "labor as a whole knows that small minority is a menace to the true cause of labor itself."

The text of the President's message follows:

Five months ago tonight I proclaimed to the American people the existence of a state of unlimited emergency.

Since then much has happened. Our Army and Navy are temporarily in Iceland in the defense of the Western Hemisphere.

Hitler has attacked shipping in areas close to the Americas in the North and South Atlantic.

Many American-owned merchant ships have been sunk on the high seas. One American destroyer was attacked on September fourth. Another destroyer was attacked and hit on October seventeenth. Eleven brave and loyal men of our Navy were killed by the Nazis

We have wished to avoid shooting. But the shooting has started. And history has recorded who fired the first shot. In the long run, however, all that will matter is who fired the last shot.

America has been attacked. The U.S.S. Kearny is not just a navy ship. She belongs to every man, woman and child in this nation.

Illinois, Alabama, California North Carolina, Ohio, Louisiana, Texas, Pennsylvania, Georgia, Arkansas, New York, Virginia —those are the home states of the honored dead and wounded of the Kearny. Hitler's torpedo was directed at every American whether he lives on our sea coasts or in the innermost part of the nation, far from the seas and far from the guns and tanks of the marching hordes of would-be conquerors of the world.

The purpose of Hitler's attack was to frighten the American people off the high seas—to force us to make a trembling retreat. This is not the first time he has misjudged the American spirit. That spirit is now aroused.

If our national policy were to be dominated by the fear of shooting, then all of our ships and those of our sister Republics would have to be tied up in home harbors. Our Navy would have to remain respectfully—abjectly—behind any line which Hitler might decree on any ocean as his own dictated version of his own war zone.

Naturally we reject that absurd and insulting suggestion. We reject it because of our own self-interest, because of our own self-respect, because, most of all, of our own good faith. Freedom of the seas is now, as it has always been, a fundamental policy of your government and mine.

Hitler has often protested that his plans for conquest do not extend across the Atlantic Ocean. But his submarines and raiders prove otherwise. So does the entire design of his new world order.

For example, I have in my possession a secret map made in Germany by Hitler's government—by the planners of the new world order. It is a map of South America and a part of Central America, as Hitler proposes to reorganize it. Today in this area there are fourteen separate countries. The geographical experts of Berlin, however, have ruthlessly obliterated all existing boundary lines, and have divided South America into five vassal states, bringing the whole continent under their domination. And they have also so arranged it that the territory of one of these new puppet states includes the Republic of Panama and our great life line—the Panama Canal.

That is his plan. It will never go into effect.

This map makes clear the Nazi design not only against South America but against the United States itself.

Your government has in its possession another document made in Germany by Hitler's government. It is a detailed plan, which, for obvious reasons, the Nazis did not wish and do not wish to publicize just yet, but which they are ready to impose—a little later—on a dominated world—if Hitler wins. It is a plan to abolish all existing religions—Protestant, Catholic, Mohammedan, Hindu, Buddhist and Jewish alike. The property of all churches will be seized by the Reich and its puppets. The cross and all other symbols of religion are to be forbidden. The clergy are to be forever silenced under penalty of the concentration camps, where even now so many fearless men are being tortured because they have placed God above Hitler.

In the place of the churches of our civilization, there is to be set up an International Nazi Church—a church which will be served by orators sent out by the Nazi Government. In the place of the Bible, the words of Mein Kampf will be imposed and enforced as Holy Writ. And in place of the cross of Christ will be put two symbols—the swastika and the naked sword.

A God of Blood and Iron will take the place of the God of Love and Mercy. Let us well ponder that statement which I have made tonight.

These grim truths which I have told you of the present and future plans of Hitlerism will of course be hotly denied tonight and tomorrow in the controlled press and radio of the Axis Powers. And some Americans —not many—will continue to insist that Hitler's plans need not worry us—and that we should not concern ourselves with anything that goes on beyond rifle shot of our own shores.

The protestations of these American citizens—few in number—will, as usual, be paraded with applause through the Axis press and radio during the next few days, in an effort to convince the world that the majority of Americans are opposed to their duly chosen Government, and in reality are only waiting to jump on Hitler's band wagon when it comes this way.

The motive of such Americans is not the point at issue. The fact is that Nazi propaganda continues in desperation to seize upon such isolated statements as proof of American disunity.

The Nazi have made up their own list of modern American heroes. It is, fortunately, a short list. I am glad that it does not contain my name.

All of us Americans, of all opinions, are faced with the choice between the kind of world we want to live in and the kind of world which Hitler and his hordes would impose upon us.

None of us wants to burrow under the ground and live in total darkness like a comfortable mole.

The forward march of Hitler and of Hitlerism can be stopped —and it will be stopped.

Very simply and very bluntly —we are pledged to pull our own oar in the destruction of Hitlerism.

And when we have helped to end the curse of Hitlerism we shall help to establish a new peace which will give to decent people everywhere a better chance to live and prosper in security and in freedom and in faith.

Each day that passes we are producing and providing more and more arms for the men who are fighting on actual battle-fronts. That is our primary task.

And it is the nation's will that these vital arms and supplies of all kinds shall neither be locked up in American harbors nor sent to the bottom of the sea. It is the nation's will that America shall deliver the goods. In open definance of that will, our ships have been sunk and our sailors have been killed.

I say that we do not propose to take this lying down.

Our determination not to take it lying down has been expressed in the orders to the American Navy to shoot on sight. Those orders stand.

Furthermore, the House of Representatives has already voted to amend part of the Neutrality Act of 1937, today outmoded by force of violent circumstances. The Senate Committee on Foreign Relations has also recommended elimination of other hamstringing provisions in that Act. That is the course of honesty and of realism.

Our American merchant ships must be armed to defend themselves against the rattlesnakes of the sea.

Our American merchant ships must be free to carry our American goods into the harbors of our friends.

Our American merchant ships must be protected by our American Navy.

It can never be doubted that the goods will be delivered by this nation, whose Navy believes in the tradition of "Damn the torpedoes; full speed ahead!"

Yes, our nation will and must speak from every assembly line. Yes, from every coal mine—the all-inclusive whole of our vast industrial machine. Our factories and our shipyards are constantly expanding. Our output must be multiplied.

It cannot be hampered by the selfish obstruction of any small but dangerous minority of industrial managers who perhaps hold out for extra profits, or for "business as usual." It cannot be hampered by the selfish obstruction of a small but dangerous minority of labor leaders who are a menace—for labor as a whole knows that that small minority is a menace—to the true cause of labor itself, as well as to the nation as a whole.

The lines of our essential defense now cover all the seas; and to meet the extraordinary demands of today and tomorrow our Navy grows to unprecedented size. Our Navy is ready for action. Indeed, units of it in the Atlantic patrol are in action. Its officers and men need no praise from me.

Our new Army is steadily developing the strength needed to withstand the aggressors. Our soldiers of today are worthy of the proudest traditions of the United States Army. But traditions cannot shoot down dive bombers or destroy tanks. That is why we must and shall provide, for every one of our soldiers, equipment and weapons—not merely as good but better than that of any other army on earth. And we are doing that right now.

For this—and all of this—is what we mean by total national defense.

The first objective of that defense is to stop Hitler. He can be stopped and can be compelled to dig in. And that will be the beginning of the end of his downfall, because dictatorship of the Hitler type can live only through continuing victories—increasing conquests.

The facts of 1918 are proof that a mighty German army and a tired German people can crumble rapidly and go to pieces when they are faced with successful resistance.

Nobody who admires qualities of courage and endurance can fail to be stirred by the full-fledged resistance of the Russian people. The Russians are fighting for their own soil and their own homes. Russia needs all kinds of help—planes, tanks, guns, medical supplies and other aids—toward the successful defense against the invaders. From the United States and from Britain, she is getting great quantities of those essential supplies. But the needs of her huge army will continue—and our help and British help will have to continue.

The other day the Secretary of State of the United States was asked by a Senator to justify our giving aid to Russia. His reply was: "The answer to that, Senator, depends on how anxious a person is to stop and destroy the march of Hitler in his conquest of the world. If he were anxious enough to defeat Hitler, he would not worry about who was helping to defeat him."

Upon our American production falls the colossal task of equipping our own armed forces, and helping to supply the British, the Russians and the Chinese. In the performance of that task we dare not fail. And we will not fail.

It has not been easy for us Americans to adjust ourselves to the shocking realities of a world in which the principles of common humanity and common decency are being mowed down by the firing squads of The Gestapo. We have enjoyed many of God's blessings. We have lived in a broad and abundant land, and by our industry and productivity we have made it flourish.

There are those who say that our great good fortune has betrayed us—that we are now no match for the regimented masses who have been trained in the Spartan ways of ruthless brutality. They say that we have grown fat, and flabby, and lazy —and that we are doomed.

But those who say that know nothing of America or of American life.

They do not know that this land is great because it is a land of endless challenge. Our country was first populated, and it has been steadily developed, by men and women in whom there burned the spirit of adventure and restlessness and individual independence which will not tolerate oppression.

Ours has been a story of vig-

President Roosevelt Recounts Attacks On Kearny And Other American Ships

In his Navy Day address of Oct. 27 President Roosevelt stressed the sinking on the high seas of "many American-owned merchant ships," and stated that "Hitler has attacked shipping in areas close to the Americas throughout the Atlantic." In particular in declaring that "America has been attacked," the President mentioned the attack on the U.S.S. Kearny, which he said "is not just a navy ship." "She belongs," he said, "to every man, woman and child in this nation," The President added:

> Illinois, Alabama, California, North Carolina, Ohio, Louisiana, Texas, Pennsylvania, Georgia, Arkansas, New York, Virginia—those are the home States of the honored dead and wounded of the Kearny.

The United States destroyer Kearny was torpedoed on Oct. 17 by a submarine 350 miles southwest of Iceland. The Navy Department's announcement on Oct. 19 said that 11 members of the ship's crew were missing and that 10 were injured as a result of the attack by the submarine, "undoubtedly German." The ship was able to reach port under her power despite the damage received, it was stated.

According to the Associated Press Washington accounts Oct. 17 President Roosevelt asserted that the torpedoing of the Kearny was clearly in the American defense zone. These advices added:

> The President declined, however, to discuss the incident in detail, saying at a press conference that he would leave that to the Navy Department in Washington.

Under date of Oct. 21 United Press advices from Washington stated:

> Mr. Roosevelt emphatically seconded Secretary of State Hull's week-end statement that the United States Government did not often write notes to international highwaymen. Mr. Hull made this statement at a Saturday (Oct. 18) press conference when asked whether this Government planned a protest against the Kearny attack.
>
> The President said Mr. Hull also was dead right in describing sinkings as piracy. He said the situation now is such that any ship of any nation on the seven seas may be destroyed without warning.
>
> This sinking of another American ship, he said, emphasizes the urgency of mounting guns on American merchantmen.

The President revealed at his press conference on Oct. 21 that the American-owned merchant ship Lehigh, flying the American flag, was sunk in the South Atlantic on Oct. 19.

Later the same day the State Department announced that the Bold Venture, American-owned vessel flying the Panamanian flag, was sent to the bottom off the coast of Iceland on Oct. 16.

These were the ninth and tenth of American-owned ships sunk since the war began.

The full list, according to the United Press, follows:

> Nov. 8, 1940—City of Rayville. Struck mine in Australian waters. One American seaman lost. American owned. American flag.
>
> Dec. 21, 1940—Tanker Charles Pratt. Torpedoed and sunk off Freetown, West Africa. Two Americans lost. American owned. Panamanian flag.
>
> May 21, 1941—S. S. Robin Moor. Torpedoed and sunk in South Atlantic. All hands saved after ordeal in open boats. American owned. Panamanian flag.
>
> Aug. 17—S. S. Sessa. Torpedoed and sunk off Iceland. Twenty-four, including one American lost. Three saved. American owned. Panamanian flag.
>
> Sept. 5—S. S. Steel Seafarer. Sunk by aerial torpedo in Red Sea. All hands (38) saved. American owned. American flag.
>
> Sept. 11—S. S. Montana. Torpedoed and sunk between Greenland and Iceland. Crew of 23—no Americans—escaped in life boats. American owned. Panamanian flag.
>
> Sept. 19—S. S. Pink Star. Torpedoed and sunk between Greeland and Iceland. Twenty-three rescued. Eleven still missing. American owned. Panamnian flag.
>
> Sept. 27—Tanker I. C. White. Torpedoed and sunk in the South Atlantic. Casualties undetermined. American owned. Panamanian flag.
>
> Oct. 16—S. S. Bold Venture. Torpedoed and sunk south of Iceland. Seventeen of crew of 32 landed at Iceland. American owned. Panamanian flag.
>
> Oct. 19—S. S. Lehigh. Torpedoed and sunk in South Atlantic off African Gold Coast. Twenty-two reported rescued. About 15 others adrift in life boats. American owned. American flag.

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orous challenges which have been accepted and overcome—challenges of uncharted seas, of wild forests and desert plains, of raging floods and withering drought, of foreign tyrants and domestic strife, of staggering problems—social, economic and physical; and we have come out of them the most powerful nation—and the freest—in all of history.

Today in the face of this newest and greatest challenge of them all we Americans have cleared our decks and taken our battle stations. We stand ready in the defense of our nation and the faith of our fathers to do what God has given us the power to see as our full duty.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 31 a summary for the week ended Oct. 25, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 25, 1941—	Total for Week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of orders	13,349
Number of shares	353,104
Dollar value	14,465,150
Odd-Lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	242
Cuhtomers' other sales a	15,577
Customers' total sales	15,819
Number of Shares:	
Customers' short sales	6,269
Customers' other sales a	374,520
Customers' total sales	380,789
Dollar value	11,838,968
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	250
Other sales b	120,530
Total sales	120,780
Round-Lot Purchases by Dealers—	
Number of shares	98,790

a Sales marked "short exempt" are reported with "other sales". b Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Amortization Clause Of Excess Profits Law On Defense Contract Certification Amended

The signing by President Roosevelt was announced on Oct. 30 of a resolution amending the amortization provisions of the excess profits tax law of 1940, whereby the time is extended for filing applications and changing the procedure for certification of national defense facilities and contracts for amortization purposes. Final Congressional action was registered on Oct. 21; the House originally passed the resolution on Sept. 22, while the Senate, in amended form passed in on Oct. 2. To effect adjustment of the differing provisions the resolution went to conference, the Senate adopted the Conference report on Oct. 13, while the House approved the report on Oct. 21.

In a statement issued with the signing of the resolution the President said:

> This bill amends the Tax Amortization Law by requiring only the certification of the Secretary of War or the Secretary of the Navy, extending the time for filing applications to Dec. 1, 1941, and otherwise simplifying procedure for tax amortization.
>
> "Last year Congress passed the law which permits defense manufacturers to amortize over a five-year period emergency facilities, certified as necessary in the interest of national defense during the emergency period.
>
> "The amended statute eliminates the joint certification formerly required by the War and Navy Departments and the Advisory Commission, and places the certification solely in the service departments.
>
> "The amended law puts into immediate effect other changes, based on actual experience, which will simplify the procedure and save time for both manufacturers and the Government. The time for filing applications has been extended. Defense manufacturers, who were unable to file applications within the short period of 60 days provided by the old law, are given until Dec. 1, 1941, to file new applications. Thereafter, the time for filing applications for certificates has been extended from 60 days to six months.
>
> "The new law also simplifies procedures regarding certificates of non-reimbursement by limiting the contracts to be certified to those which are more than $15,000 in amount and which were made with the War Department, the Navy Department, or the United States Maritime Commission after Dec. 31, 1939.
>
> "Under the former law many manufacturers filed applications for certification of contracts of small amount, and contracts made with other departments such as the Department of the Interior, Postoffice, Department of Agriculture and others. Under the new law such applications are unnecessary for any contract with any of these departments, regardless of amount and for any contract if it is under $15,000, with the War Department, the Navy Department, the United States Maritime Commission.
>
> "Certificates which have already been issued are not affected by the amendment and the right of manufacturers who have already filed applications are not prejudiced.
>
> "New forms of applications and instructions are being prepared and may be obtained from the office of the Under-Secretary of War, Tax Amortization Section, and from the office of the Under-Secretary of the Navy, Washington, D. C."

Indicating that the newly enacted legislation enables speedier disposition of applications on file by defense industries for amortization allowances on new construction, advices Oct. 21 to the New York "Journal of Commerce" from the Washington bureau said:

> Sponsored by the War and Navy departments, the measure extends from 60 days to six months, the time dating from beginning to construction, within which applications may be filed for certificates of necessity. It also changes existing law to eliminate the necessity of certifying contracts under $15,000 and limits contracts required to be examined for reimbursement to those made on behalf of the War Department, Navy Department, Maritime Commission and such other agencies as are designated by the President.
>
> As the bill passed the House it carried language that required issuance of certificates of necessity to conform to "such policies and procedures" prescribed by the President. The Senate objected to the language and the conference committee changed the bill to read that the issuance of the certificates shall conform to the regulations issued by the War and Navy departments with the approval of the President.

Earlier legislation this year effecting a change in the amortization provisions was referred to in our issue of Feb. 8, 1941, page 915.

Foreign Front

(Continued from page 939)

Finland is a difficult problem. There is more than a suspicion that London consulted Washington in this connection.

German-Dominated Europe

Occasional signs again were in evidence this week of the profound unrest prevalent in the sizable part of Europe occupied or dominated by the German Nazi forces. The Serbians, in particular, made their indomitable spirit manifest, and numerous executions of patriotic Serbs followed. Norway was fairly quiet and not much was heard from the Low Countries. In France the forces of General Charles de Gaulle endeavored by radio to foment a five-minute sit-down strike, last Saturday, but nothing came of this attempt.

The French situation was illustrated by several additional incidents. British naval forces seized a number of French merchant ships which attempted to make the run from Madagascar to France with foodstuffs and other supplies. The Vichy regime of France lodged a strong protest with London against that action. Washington disclosed Monday that a cargo of food for infants and assorted medicines would be sent to France from the United States under official authority. Like other European countries, France will be heavily hit this winter by the shortages of foods and other supplies. Premier Mussolini hinted in a speech at Rome, Monday, that Italian territorial claims against France also may be presented soon.

Representatives of four of the invaded nations of Europe joined in a manifesto, here in New York, Tuesday, pledging cooperation in a post-war federation. The representatives were those attending the International Labor Organization meeting at Columbia University. Poland, Czechoslovakia, Yugoslavia and Greece thus were joined in a tentative confederation stretching from the Baltic to the Aegean. The London governments-in-exile of these countries are reported to have approved the declaration.

Eastern Asia

Japan's place in the Axis was plainly placed in question this week, by the naval war between Germany and the United States and the conflicting statements by President Roosevelt and Fuehrer Hitler as to who started this conflict. Official circles in Washington and Tokio, it seems clear, are anxious to avoid an armed clash. But Japan is a full-fledged member of the German-Italian Axis, pledged to intervene if nations not formally engaged in the European war enter that struggle against the European members.

Initial reactions in Tokio to the military and diplomatic events involving Mr. Roosevelt and Herr Hitler were lukewarm, if not cool. No "unreserved approval" of Hitler's charge of an American attack was forecast in the Japanese capital. But in unofficial Japanese circles an increasing impatience was manifested regarding the economic sanctions applied by the United States, Great Britain and the Netherlands East Indies. There was an expectation in Washington and Tokio, alike, that a new "crisis" might develop soon in the relations between the two countries.

Whether any such crisis might be linked to events of the war between Germany and Russia was far from clear or certain. There is every prospect, however, that the Tokio militarists will resume their aggressive moves in Eastern Asia, if and when the Russian defense collapses. Reports this week suggested that Japanese troop concentrations on the Thailand border are being strengthened, which might indicate an attack on the Burma Road route of Chinese supply, and perhaps even a move against British and Dutch possessions. But many earlier dispatches listed large transfers of Japanese effectives from China to the border of Manchukuo and Siberia, which seems the more likely area of fresh Japanese military aggressions.

Latin-American Trade

Augmented plans for extending credit through the official Export-Import Bank to aid in the development of exports to Latin-America were announced in Washington, late last week. The precise occasion for this newest use of official credit where unofficial banking accommodations seem inadequate has not yet been made entirely clear. It appears, however, that the new lines of credit are to be available in cases where neither the importer nor the exporter is willing to assume the risks of delivery of goods to ports of destination.

Subject to reasonable limits and conditions, the Export-Import Bank is said to be now prepared to assume the risks of delivery. Arrangements are to be made with the United States banking correspondents of Latin-American banks, and funds are to be advanced for letters of credit and payments on drafts. Unusual delay in the delivery of some American wares is hinted at as one reason for the program.

Meanwhile, the diplomatic relations of the United States and the Good Neighbors to the south appear to be warm and cordial. There is still no announcement of that general agreement with Mexico, which frequently has been reported imminent. Our Ambassador to Mexico, Josephus Daniels, resigned his post last Friday, but only for personal reasons. Mexican relations with Great Britain have been resumed, perhaps as a forerunner of a general adjustment of the oil "expropriation" difficulty.

New York Increases Reserve Requirements For Banks Not Federal Reserve Members

The New York State Banking Board adopted on Oct. 16 a resolution increasing the reserve requirements of banks and trust companies which are not members of the Federal Reserve System, as well as of private bankers and industrial banks, to conform with the recent increase decreed by the Board of Governors of the Federal Reserve System for member banks. The State Banking Board's order becomes effective Dec. 1, while the Reserve System increase in reserve requirements for member banks to the present statutory limit goes into effect Nov. 1.

In a letter to State banks notifying them of the Banking Board's action, William R. White, Superintendent of Banks, said:

> As a result of the Banking Board's action, non-member banks, private bankers and industrial banks, wherever located, will be required to maintain reserves of 6% against their time deposits. This is equivalent to the reserve requirement against time deposits which will be applicable after Oct. 31, 1941, to member banks of the Federal Reserve System under Regulation D of the Board of Governors of the Federal Reserve System. The following table shows, with respect to demand deposits, the reserve requirements established by the Banking Law; the requirements which will be applicable to non-member banks and trust companies, private bankers and industrial banks on and after Dec. 1, 1941, under the Banking Board regulation; and the requirements applicable to member banks after Oct. 31, 1941, in accordance with the regulation of the Board of Governors:

	Banking Law	Banking Board Regulation	Federal Reserve Regulation
Manhattan	18	26	26
Brooklyn	18	20	20
Bronx	15	15	20
Queens	15	15	14
Buffalo	12	20	20
All Others	12	14	14

> The items in the foregoing table relating to reserve requirements in the Boroughs of Bronx and Queens are included only in order to complete the table, since no non-member bank, private banker or industrial bank has its principal office in either of such boroughs.
>
> The last paragraph of the Board's regulation provides that no part of the additional reserves maintained in accordance with the regulation shall be required to be maintained on hand in cash. The combined effect of this paragraph of the regulation and certain of the provisions of Section 107 of the Banking Law is to permit all of the additional reserves maintained in accordance with the regulation to be deposited with the Federal Reserve Bank of New York or with a reserve depositary designated in accordance with the provisions of the Banking Law.
>
> The Banking Department will continue its present policy of requiring weekly reports of reserves against deposits by non-member institutions in the boroughs of Manhattan and Brooklyn and the City of Buffalo, and semi-monthly reports by all other non-member institutions. The Department will also continue to use an "average" method in determining whether reserves maintained comply with the requirements established by the statute or the regulation. In both of these particulars, the practice of the Department conforms with that of the Federal Reserve System.
>
> Non-member banking institutions in the boroughs of Manhattan and Brooklyn and the city of Buffalo may make their reports of reserves for the semi-weekly period beginning on Saturday, Nov. 29, 1941, upon the same basis as for preceding periods. The new reserve requirements should be reflected in the reports of such institutions for the period beginning Wednesday, Dec. 3, 1941, and subsequent periods.

The Federal Reserve Board's action was referred to in these columns Oct. 2, page 396.

Real Aim Of American Foreign Policy Is Destruction Of Hitler Menace — FDR

President Roosevelt, in a message to a forum meeting of the Foreign Policy Association in New York on Oct. 25, said that "the real end the inescapable end" of American foreign policy "is the destruction of the Hitler menace." In achieving that end, the President added, "our responsibility is fully as great as that of the peoples who are fighting and dying for it" and said that he knows "our country will not shrink from that responsibility nor quail before whatever sacrifice it may demand."

The President's message, read by Maj. Gen. Frank Ross McCoy, President of the Association, follows:

> Every school child knows what our foreign policy is. It is to defend the honor, the freedom, the rights, the interests and the well-being of the American people. We seek no gain at the expense of others. We threaten no one, nor do we tolerate threats from others. No nation is more deeply dedicated to the ways of peace; no nation is fundamentally stronger to resist aggression.
>
> When mighty forces of aggression are at large, when they have ruthlessly overrun a continent, when we know that they seek ultimately to destroy our freedom, our rights, our well-being, everything for which this Government stands, our foreign policy cannot remain passive. There are a few persons in this country who seek to lull us into a false entry of security, to tell us that we are not threatened, that all we need do to avoid the storm is to sit idly by—and to submit supinely if necessary. The same deadly virus has been spread by Hitler's agents and his Quislings and dupes in every country which he has overrun. It has helped immeasurably.
>
> The American people are not easily fooled; they are hard-headed realists and they fear no one. A free people with a free press makes up its own mind. In this process free discussion of the facts and issues involved, such as that which you are sponsoring, is of the greatest value. We do not take orders as to what we shall think; we judge the facts for ourselves and decide what course we must follow. We reach decisions slowly, but when they are made they are backed by the determination of 130,000,000 free Americans and are inexorable.
>
> Our people have decided, and they are constantly becoming more determined, that Hitler's threat to everything for which we stand must be struck down. We have followed and are following a policy of giving all aid to other nations which are actively resisting aggression. This policy is sound common sense, but it represents merely a method, certainly not an end in itself.
>
> The real end, the inescapable end, is the destruction of the Hitler menace. In achieving that end, our responsibility is fully as great as that of the peoples who are fighting and dying for it. I know that our county will not shrink from that responsibility nor quail before whatever sacrifices it may demand.

Roosevelt Asks People Sacrifice Personal Interest For National Unity In Defense

President Roosevelt on Oct. 26 called on all Americans to pledge to their Navy "a support involving willing sacrifice of personal, sectional and group interests in order that we may remain united and unconquerable." In a letter to Secretary of the Navy Knox, in connection with the celebration of Navy Day, Oct. 27, the President expressed his "deep appreciation of the thoroughness with which the Navy has already measured up to its large share" in the national defense. He added that "ship for ship, man for man, I am proud and confident in knowing the Navy is ready to prove to the nation and to the forces of evil its fitness to assume" the responsibility of being our first line of total defense.

The President called attention to the fact that the country for the past 19 years has always honored the Navy on Oct. 27—the birthday of Theodore Roosevelt, "one of its greatest champions"—but this year the observance is expanded to "Navy and Total Defense Day."

The President's letter to Secretary Knox was as follows:

> My dear Mr. Secretary:
>
> For the past 19 years our country has on Oct. 27 honored the Navy on the birthday of one of its greatest champions, Theodore Roosevelt. This year we go further and expand that observance to "Navy and Total Defense Day," a change whose significance will be clear to all right-thinking Americans.
>
> You know and I know that such modification implies no change in spirit from past anniversaries. Rather it strengthens that spirit in identifying it with the responsibility of all of our people for national defense.
>
> I want to state my deep appreciation as Commander in Chief of the thoroughness with which the Navy has already measured up to its large share in that burden.
>
> As it is our first line of defense, so is its duty primary in any approach to total defense. Ship for ship, man for man, I am proud and confident in knowing the Navy is ready to prove to the nation, and to the forces of evel its fitness to assume that responsibility.
>
> As today I add by own salute to that of our fellow-Americans I can count on our Navy to recognize the necessity for its close coordination with the Army and our millions of civilians defenders. In that spirit let the Navy today return the nation's salute.
>
> Our fleets far out in the Atlantic and Pacific, yes, the naval forces that support them in our far-flung bases, the magnificent air arm of the service, and the night and day shifts working in the navy yards to keep our two-ocean building program ahead of schedule — all these various agencies are now highly integrated.
>
> And so, on this Navy Day of 1941, merged with a day consecrated to total defense, I ask all Americans to salute the Navy, their Navy, in a spirit of self-discipline in line with the historic traditions of the service itself, and to pledge to their Navy a support involving willing sacrifice of personal, sectional and group interests in order that we may remain united and unconquerable.
>
> Very sincerely yours,
>
> FRANKLIN D. ROOSEVELT.

Now Drafting Price Control Legislation

After ending on Oct. 23 its public hearings on price control legislation, the House Banking and Currency Committee began drafting a bill on Oct. 29. It is expected that the writing of a measure will be completed by the Committee by the end of this week or early next week.

The Administration bill on which hearings have been held before the Committee since Aug. 5, planned to give President Roosevelt authority to establish price ceilings on commodities and to control rents in defense areas. Objections were raised in some quarters against the omission in the bill of provisions limiting wages. At the hearing on Oct. 17 Representative Murray (Republican) urged the Committee to write a bill from the standpoint of keeping out profiteering. Associated Press accounts on that day said:

> Limiting prices on products, he contended, might result in reduced production in agriculture.
>
> "You can fix a ceiling on prices of agricultural products," he said, "but you can't make a man work or make a farmer produce cotton if you've put on a ceiling that limits his wage by limiting his returns."
>
> He urged that the committee "consider the welfare of every group of people and try to be fair with every group and every class."
>
> Representative Brown, Democrat, of Georgia, a committee member, said he would propose that the pending Administration control bill be amended to fix the base period for agricultural parity as 1919-29.
>
> The base period now is 1909-14. Brown said the 1919-29 period would permit a higher ceiling.
>
> Parity prices give farm products purchasing power, in terms of manufactured goods, equal to those enjoyed in the base period.

The Committee on its last day of hearings (Oct. 23) was told by Jesse Jones, Secretary of Commerce, that the price control law should be "comprehensive" but flexible, at the same time expressing approval of the Administration's selective price bill. His views, set forth in a letter to the House group, were reported by the Associated Press as follows:

> "Obviously some form of price regulation is necessary if we are to avoid further inflation. Certainly, every effort should be made to prevent serious inflation, and the bill, if enacted, should be so comprehensive in character as to affect the many factors that go to make up the cost of such articles as will require price regulation."
>
> He said, however, that no producer or dealer should be required to sell his product at less than "a fair cost," after compensation for labor, material and other factors, including a living profit, had been paid.
>
> "On the other hand, we should not gear our entire economy to fit the inefficient or the uneconomical," he continued.
>
> In order to obtain the maximum quantity of some critical and essential materials, during the emergency, it will be necessary to make exceptions here and there in any price regulation.
>
> "For this reason and many others that may arise, any price-control law should allow sufficient latitude to those in charge of its administration to exercise their best judgment as changes or unusual situations and circumstances may from to time arise."

In a separate item we are giving the price control views of Secretary of Agriculture Claude R. Wickard, as presented to the Committee on Oct. 21.

A substitute measure, sponsored by Representative Gore (Dem.) of Tenn.) providing for ceilings on commodity prices, wages, rents and defense profits, is also before the Committee for consideration. Representative Gore predicted on Oct. 28 that some form of wage ceiling would be included in the measure decided upon by the House group. Mr. Gore's bill it is stated, is patterned roughly on the overall price control plan advocated by Bernard M. Baruch, head of the World War Industries Board. (Referred to in our Oct. 9 issue, page 516).

Priority Ratings Are Not For Farmers

The Department of Agriculture said on Oct. 15 that individual farmers are not required to have priority ratings of any kind under the defense program in order to purchase ordinary farm machinery, equipment, repair parts, fertilizers, insecticides, nails, fencing, roofing or similar items. "Priority ratings on equipment and supplies such as these," M. Clifford Townsend, Director, Office of Agricultural Defense Relations, explained, "are issued by the Office of Production Management to manufacturers, processors and warehousemen in order to avoid having individuals obtain ratings." Mr. Townsend added:

> "So far as the individual farmer is concerned, he does not have to have a priority rating of any kind to buy his ordinary requirements. There may be things he may not be able to get, such as aluminum pressure cookers, but in cases like this the manufacturer and not the individual farmer is the one affected by the priority rating. On special classes of machinery which are used for purposes other than farming, such as heavy duty electric motors, a preference rating will be necessary. This can be applied for on what is known as a PD-1 form obtainable from the Office of Production Management."

CCC, NYA Consolidation

President Roosevelt on Oct. 27 proposed the consolidation of the Civilian Conservation Corps. and the National Youth Administration under the Federal Security Administration. The merger would require legislation and the President indicated that he may send a message to Congress to effect the change. The CCC is now under the War Department while the NYA is administered through the office of Paul V. McNutt, Federal Security Administrator. Mr. McNutt and Harold D. Smith, Director of the Budget, have been asked by the President to work out plans for the proposed consolidation. Mr. Roosevelt's reason for urging the merger was disclosed as follows in a letter to Mr. McNutt:

> In view of current world conditions, I feel that the War Department should be relieved from all activities which may in any manner interfere with its main objective—preparation for defense.

1942 Cotton Marketing Quotas Announced; Referendum Will Be Held on December 31

National cotton marketing quotas for the marketing year beginning Aug. 1, 1942, were announced on Oct. 29 by Secretary of Agriculture Claude R. Wickard, and Dec. 13, 1941 was set for the referendum. The 1942 National acreage allotment will be approximately 27,400,000 acres, or about the same as last year. Farmers who plant within their acreage allotments, may market all the cotton grown on these acres. The Department pointed out that the 1942 quotas will not become effective unless approved by two-thirds of the eligible producers who vote in the referendum. The Department adds that "if approval is given this will be the fifth year quotas have been used by cotton growers.

In commenting on this policy Secretary Wickard said:

Cotton is one of the surplus crops for which no acreage increase is asked in 1942 under the Farm Defense Program. Faced by restricted world markets, we have on hand a supply of about twice the size of recent crops.

The quota measure has proved itself essential protection to cotton growers against the tremendous surplus. In times like these when we need all our national strength, economic as well as productive, quotas as part of the National Farm Program take on added importance.

Approval of quotas to help adjust the surplus will make possible continued use of loans, and we know from experience this year that loans work hand in hand with quotas to protect cotton income.

Under provisions of the Agricultural Adjustment Act of 1938, as amended, loans are prohibited in years when quotas are rejected by producers.

It is noted that regardless of whether quotas are approved by cotton producers, the conservation phases of the AAA program will remain the same.

The Agriculture Department's announcement further stated:

According to the Act, cotton marketing quotas are proclaimed by the Secretary in any year in which the supply of cotton reaches more than 107% of the "normal" supply, which, as defined in the Act, consists of a normal year's domestic consumption and exports, plus 40% to allow for a normal carryover. This "normal" supply of American cotton as of Aug. 1, 1941, was 18,200,000 running bales, whereas the total supply of American cotton on the same date was 23,800,000 running bales, or about 131% of normal.

Collapse of foreign markets and the consequent drop in American exports of cotton, together with the fact that there is already enough cotton on hand to fill an extra year's needs, highlight the cotton situation. During the 1939-40 season the United States exported about 6,200,000 bales of cotton, but the following season, which ended July 31, 1941, exports amounted to only 1,100,000 bales. Since this slump was due primarily to the war and naval blockades, officials say there is little reason to believe that exports will be increased to any great extent during the present season.

This loss of foreign markets is partially offset, however, by the fact that domestic consumption of American cotton for the 1940-41 season just ended was the highest on record. Consumption was about 9,600,000 bales, which was about 2,000,000 bales above the preceding year.

President Signs New Lease Lend Measure Providing An Additional $5,985,000,000

Following final Congressional action on the $5,985,000,000 second lend-lease appropriation bill it was announced on Oct. 28 that President Roosevelt had signed the measure, and that he had at the same time issued an Executive order and letter of commission in which he redesignated Edward R. Stettinius, Jr., as administrator in charge of the newly created agency. In United Press advices from Washington, Oct. 28, it was stated.

Signature of the new appropriation brings to nearly $13,000,000,000 total funds appropriated this year to provide guns, tanks, planes, food, and other war materials for Britain and other nations fighting the Axis.

The bill also carries a rider, which will empower Mr. Roosevelt to appoint an Army officer to the position of Federal Works Administrator.

Final Congressional action on the bill was taken on Oct. 27 when the Senate and the House adopted a conference report adjusting minor differences in the two versions passed previously. The Senate had passed the bill on Oct. 23 by a vote of 59 to 13, whereas House approval by a 328 to 67 vote was given on Oct. 10 (as indicated in our issue of Oct. 23, page 734).

The $5,985,000,000 fund, for aid to "those countries whose defense is vital to our own," is supplemental to the original $7,000,000,000 appropriated last March. The President requested the second Lend-Lease fund on Sept. 18 in order that there be "no interruption in the flow of aid" to countries resisting aggression. The measure carries about $177,000,000 in miscellaneous deficiency appropriations for various Government agencies.

The measure specifically provides:

$1,190,000,000 for ordnance and ordnance stores, supplies, spare parts, etc.

$685,000,000 for aircraft and aeronautical material including engines.

$385,000,000 for tanks, armored cars, automobiles and other vehicles.

$850,000,000 for vessels, ships, boats and supplies.

$155,000,000 for miscellaneous military and naval equipment.

$375,000,000 for facilities and equipment, acquisition of land, etc.

$1,875,000,000 for agricultural, industrial and other commodities.

$175,000,000 for testing and repair of equipment for foreign governments.

$285,000,000 for services and expenses for carrying out the program.

$10,000,000 for administrative expenses.

1941 Cotton Loans

The Department of Agriculture announced Oct. 29 that through Oct. 25, 1941, a total of 179,898 loans on 318,021 bales of 1941 crop cotton were reported by Commodity Credit Corporation. Nearly half the cotton entered the loan in the Texas area. At the same time last year loans had been made on approximately 1,000,000 bales of cotton.

Dept. Of Agriculture Reduces Crop Loan Stocks; Demand For Food And Fiber Accelerated

Accelerated demand for food and fiber has brought about extensive liquidation of commodities held by Commodity Credit Corporation under the loan programs of the Department of Agriculture in the 6 months ended Sept. 30, 1941, the Department said on Oct. 27. During the 6-months' period, says the Department, liquidation of stocks was both through sales by Commodity Credit of commodities owned by the Government and by repossession of commodities pledged by producers who repaid their loans. The liquidation has reduced stocks of all commodities except wheat, barley and flaxseed, all of which are in the midst of the heaviest loan season. The Department's announcement further said:

Heaviest reductions were in corn, 117,000,000 bushels; and in cotton, over 4,000,000 bales. Wheat owned and under loan increased 135,000,000 bushels during the period, representing the difference between 94,000,000—repossessed by producers who repaid loans or sold by the Corporation — and 220,000,000 bushels from the near-record 1941 harvest pledged for loans under the program announced last May.

[illegible] sold [illegible] Commodity Credit Corporation during the 6-months' period amounts to about [illegible] bushels and repayments by producers were made on about 64,000,000 bushels plus an additional 10,000,000 bushels delivered on sales not recorded in the financial accounts. Farmers may repossess, by repaying loans, an additional 240,000,000 bushels from the 1938, 1939 and 1940 crops.

Delivery of 454,000 bales of CCC owned cotton has been made under lend-lease programs. Producers have repossessed 4,103,834 bales of cotton pledged by them from the 1938, 1939 and 1940 crops during 6 months.

Because of the heavy 1941 production of wheat, and because the market price has generally been under the 1941 loan rate, domestic sales of wheat have been limited to interior mills having grain in storage which is needed for milling, of a type and class which is not otherwise obtainable. No restriction applies, of course, to sales of wheat by farmers who repossess this grain by repaying their loans.

The Corporation has reduced its stocks of turpentine by 3,000,000 gallons and rosin by about 300,000 barrels.

Flue-cured tobacco, purchased from the 1939 crop to support a market demoralized by withdrawal of British buyers unable to obtain American dollar exchange for their requirements, is now made available to the British under lend-lease programs. Firm commitments have been made for disposition of two-thirds of this crop and deliveries already made total 65,000,000 pounds, out of 160,000,000 pounds originally purchased by Commodity Credit Corporation. Purchases and loans from the current crop of flue-cured tobacco are not expected greatly to exceed 90,000,000 pounds dry weight basis, forecasting a net reduction in the quantity of tobacco owned by the Corporation.

League Of Nations World Economic Survey

Increased exports to the United States by Latin American countries have compensated for loss of European outlets, according to the ninth edition of the League of Nations, "World Economic Survey," now being distributed by the Columbia University Press. The survey finds the economic situation in these countries "materially improved as a consequence.

In Latin America generally wholesale prices have shown a tendency to recover as a result of the improved demand for export products, the survey reports pointing out that the physical volume of Argentine exports has shown a steady rise from the low point of February, 1941, accompanied by a similar recovery in export prices. Because of the improvement the Argentine has effected a sweeping relaxation of her import and exchange control as from July 1, liquidating the Exchange Control Office and abolishing the system of "prior permits" for the allocation of foreign exchange, affecting about 85% of total imports and especially imports from the United States.

Increases in the dollar value of United States imports from Latin-American countries between the second quarter of 1940 and the second quarter of 1941 are listed as follows: Argentina, 180%; Uruguay, 164%; Chile, 120%; Ecuador, 90%; Brazil, 85%, Mexico, 69%; Cuba, 56%; Colombia, 36%; Peru, 29%; Venezuela, 6%.

While the war has necessarily involved a disruption of economic intercourse, particularly between Continental Europe and the outside world, there has been a progressive drawing together and an intensification of economic intercourse in the other areas of the world—areas which, by their size and resources, represent by far the greater part of the world's economic activity, the survey points out.

"Loss of the export market constituted by Continental Europe was one of the major disturbances of trade caused by the war," the survey says, but the effect of the loss would have been much greater had it not been mitigated by heavy purchases by the United Kingdom and the United States, the survey goes on. "United States imports of staple products increased considerably in the course of 1940 and the early part of 1941, owing in part to the great industrial activity, especially in the armament industries, and in part to the policy of establishing reserves of strategic raw materials similar to those accumulated by various European countries in the late thirties.

"From the end of 1940, when the United States purchases of raw materials gained pace, the export surplus with numerous non-industrial countries was replaced by an excess of imports. The change was most noticeable in the case of South America; imports from that area during the three months ending February, 1941, amounted to $149,000,000 or 21% of United States total imports during the three months ending February, 1941, as against $105,000,000 or 15% during the corresponding period one year earlier. Exports to South America, however, fell from $120,000,000 to $90,000,000.

"For the year 1940 as a whole, the share of the United States in the trade of the Latin American republics was 51% as against 34% during the last year of peace (1938). The share of the United States in the exports of the same countries was 43% and 30%, respectively. The increase had taken place, of course, at the expense of European countries, particularly Germany."

Will Pay Peru For Requisitioned Planes

The State Department at Washington announced on Oct. 20 that the United States will fully compensate the Peruvian Government for 18 airplanes recently requisitioned by this country "in the interests of national defense." The planes had been purchased by Peru but were taken over on Sept. 23 in New York by the Federal Government. This action brought a protest from the Peruvian Embassy at Washington and the State Department now explains its position in the matter. Secretary of State Hull, in a letter to the Peruvian Ambassador, Manuel de Freyre y Santander, on Oct. 17 said:

It is regretted that the Peruvian Government may have been inconvenienced by the requisitioning of these airplanes by this government. I believe Your Excellency and Your Excellency's government will agree, however, that in the present critical world situation it is of vital interest to all of the American republics that such rapid and effective action be taken whenever necessary to utilize airplanes and other scarce implements of war to defend this continent in the ways that may be decided to be most advantageous strategically by those new engaged in that defense.

With the rapidly expanding airplane production facilities of this country it will soon be possible to provide the other American republics with such aviation equipment as they may need for defense against non-American aggression. At this time it nevertheless continues to be necessary to exercise every precaution, and even such mandatory powers as those used in the present instance, to insure the complete mobility of the available mechanized equipment that is so essential for the protection of the American republics.

Secretary Hull in a further letter on Oct. 20 informed the Ambassador that the United States would give Peru full compensation for the loss of the planes.

Fahy Solicitor General

President Roosevelt on Oct. 29 nominated Charles Fahy of New Mexico to be Solicitor-General of the United States, succeeding Francis Biddle, who is now Attorney General. Mr. Fahy, who has been Assistant Solicitor General since September, 1940, has been serving as Acting Solicitor General since Mr. Biddle assumed his new post early in September (referred to in these columns of Sept. 11, page 114). A native of Rome, Ga., he practiced law in Santa Fe, N. M., from 1924 to 1933 and came to Washington in the latter year to serve on the Interior Department legal staff. When the Labor Board was organized under the Wagner Act in 1935, Mr. Fahy become its first General Counsel.

Chicago H. L. Bank Ahead

The Federal Home Loan Bank of Chicago advanced more money in September to its member savings, building and loan associations in Illinois and Wisconsin than in any previous September, A. R. Gardner, President, reported on Oct. 20. This was the fourth month so far in 1941 to see a larger outflow of funds from the reserve system than any like month in the previous eight years of the bank. The disbursement for September was $1,789,613, marking the third busiest month of this year, and netting a gain of 6.6% over the new loans made the previous month as well as a 14.8% gain over September, 1940.

LEGAL ODDITIES

GARNISHEE AND INTEREST

Suppose, for the sake of supposing, that Tom has a $1,000 deposit in the Snow Bank, owes Dick $2,000; Dick gets a garnishee order from the Court ordering the bank to pay the deposit to him, and serves it on the cashier.

"Here's your 'grand,'" the cashier tells him.

"How much interest is there to Tom's credit?" Dick demands.

"It's really none of your business, but $65 interest was credited this morning."

"Well, I'll take that, too. The tail goes with the hide in the livestock business."

"Nothing doing — the order covers the deposit, and that's all you'll get," the cashier declares.

Is the garnishor entitled to the interest, or to the deposit only?

This question was answered by the United States Supreme Court in a case where the Court dealt with some rather high figures, even for those piping days of peace and predatory plumbers, as the evidence in that case showed that a manufacturing company brought an action against a trade union for conspiracy and restraint of trade in connection with a strike in the company's plant. The case went to the United States Supreme Court three times, and, finally, the company recovered a judgment against the union for the tidy sum of $353,130. At that time the sit-down strike (or, as Madam Perkins calls it, "the new technic") was unknown and unthought of.

The trade union had a deposit in a Connecticut savings bank, and, when the suit was started the company served an attachment order on the bank which prevented it from paying over the deposit, pending the result of the suit.

Then, while the suit was pending, the trade union assigned to a parent union all dividends or interest on the deposit declared or accruing after the attachment, and, when the final decision was handed down, the parent union and the manufacturing company both claimed the interest.

"When our attaching order was served it 'plastered' everything—deposit and future interest," the company contended.

"No—your attachment simply applied to the account as it stood then, and held the account—but only the account—in status quo, and we're entitled to the interest under our assignment," the parent union retorted.

The Court, however, decided in favor of the company, on the ground that the interest grew out of the deposit, was incident thereto, and an attachment of the original deposit carried the interest earned thereby.

"While it is true that under the decisions it is the existing obligation or the debt due which is bound by the attachment, and that at the time the attachment was served the dividends in question had not been declared and were not in existence, nevertheless they would be subject to the attachment if they are to be considered a necessary incident of the deposits. For whatever binds the principal binds that which is inseparable from the principal. An attachment on a freehold, for example, gives a lien on the timber trees and on the buildings attached thereto," said the United States Circuit Court.

"The depositor has a vested right to the dividends—a vested right that the corporation should take the most prudent steps to secure them with an identified fund devoted to the result. We do not see why the possibility of there being no earnings because of fraud or a cataclysm, or a possibility of the earnings being greater than was expected, should make the right less a present one, subject to and covered by the attachment, than the right to the capital which runs the same risk," said the U. S. Supreme Court.

A similar point arises where ordinary corporate stock is attached under a garnishee order, and dividends are declared after the attachment is served, and on this point the United States Courts have held that the attachment covers the subsequently declared dividends as well, on the ground that "the dividends were but an incident to the stock—the mere fruits thereof—and were as much within the grasp of the attachment as the corpus of the stock."

Items About Banks, Trust Companies

Mr. E. Chester Gersten, President, announced today that the Board of Directors elected William J. Kissell a Vice President of the Public National Bank & Trust Company.

William J. Kissell

Mr. Kissell started his banking career in 1915 with the National Bank of Commerce in New York and was later with the Guaranty Trust Company with which the former institution was merged. During the period of bank difficulties he was Treasurer of the National Credit Corporation founded by the nation's banks as a forerunner of the Reconstruction Finance Corporation. Since the liquidation of that corporation in 1935 he has been with the New York Trust Company as Assistant Treasurer.

Stockholders of the First National Bank of Englewood, Chicago, Ill., approved on Oct. 14 the liquidation program recently announced by the bank's President, John M. Nichols. Mr. Nichols indicated after the meeting that a liquidating dividend of $525 a share would be paid in cash about mid-December and that later a small final dividend would be distributed when the bank's accounts are finally settled. In these columns Aug. 23, page 1076, we reported Mr. Nichols' intention of discontinuing operations of the institution because he did not "care to continue as the custodian of other people's money" under the conditions existing in the country today. According to the Chicago "Journal of Commerce" of Oct. 17 the $647,750 which Mr. Nichols will receive in the liquidation of the bank will be invested mainly in real estate in and around Chicago, he said on Oct. 16. The paper from which we quote also said Mr. Nichols is the owner of 1,230 of the bank's 20,000 shares of capital stock ($100 par). He stated:

"As a stockholder in my bank my holdings were represented by currency, and I did not want to continue to hold it with the outlook as it is at present. Of our 26 stockholders, all but two were present or represented at our stockholders' meeting this week and the vote to liquidate the bank was unanimous.

"I am buying real estate as a personal investment, not with any idea of going into the real estate business."

All the bank's deposits have now been withdrawn except approximately $31,000, Mr. Nichols said. Of this amount $28,000 has been held for 30 or 40 years and the owners cannot be located.

"In winding up the bank's affairs, the $28,000 will be turned over to the Comptroller of the Currency in Washington," he added.

The Continental Illinois National Bank and Trust Co. of Chicago announced on Oct. 10 the election of Charles T. Fisher to its Board of Directors. Mr. Fisher, who is President of Fisher & Co., succeeds to the position left vacant by the recent death of his brother, Fred J. Fisher. He was associated with his brother for many years. Together they founded the Fisher Body Corporation, now a division of the General Motors Corporation.

Tom K. Smith, President of the Boatmen's National Bank of St. Louis, announced on Oct. 21 that the Board of Directors has approved the declaration of a 25% stock dividend to holders of record as of Oct. 21. In connection with a capital readjustment in 1934, holders of the old $100 par value stock received four $20 par value shares. The action Oct. 21 restores them to the old basis of aggregate par value. A dividend of 25 cents a share, payable Jan. 1, 1942, was declared on the new stock, a similar dividend already having been declared on the outstanding stock.

Assails Execution Of "Innocent Hostages"

President Roosevelt, in a statement issued Oct. 25, evinced his attitude toward the German executions of "innocent hostages" in Europe, saying the "Nazis might have learned from the last war the impossibility of breaking men's spirit by terrorism." Stating that such killings "revolts a world already inured to suffering and brutality" the President declared that "these are the acts of desperate men who know in their hearts that they cannot win." He also said that "frightfulness can never bring peace to Europe" since it "only sows the seeds of hatred which will one day bring fearful retribution."

The President's statement was prompted by the recent executions in France in reprisal for the killing of two German officers in the occupied French cities of Nantes and Bordeaux.

The President's statement follows:

> The practice of executing scores of innocent hostages in reprisal for isolated attacks on Germans in countries temporarily under the Nazi heel revolts a world already inured to suffering and brutality. Civilized peoples long ago adopted the basic principle that no man should be punished for the deed of another.
>
> Unable to apprehend the persons involved in these attacks, the Nazis characteristically slaughter fifty or a hundred innocent persons. Those who would "collaborate" with Hitler or try to appease him cannot ignore this ghastly warning.
>
> The Nazis might have learned from the last war the impossibility of breaking men's spirit by terrorism. Instead they develop their "lebensraum" and "new order" by depths of frightfulness which even they have never approached before. These are the acts of desperate men who know in their hearts that they cannot win. Frightfulness can never bring peace to Europe. It only sows the seeds of hatred which will one day bring fearful retribution.

Sets Up Office Of Facts And Figures To Give Nation Defense Information

President Roosevelt in an Executive Order on Oct. 24 established the Office of Facts and Figures "for the purpose of facilitating the dissemination of factual information to the citizens of the country on the defense effort and on the defense policies and activities of the government."

Archibald MacLeish, Librarian of Congress will direct the new agency, without pay, and retain his present post. Existing Government services and facilities, it is said, will be used in the preparation and dissemination of information on the defense program. Stephen T. Early, the President's Secretary, said the new bureau will work within the Government to answer requests for defense data. He also said that the creation of the office was suggested by Mayor F. H. LaGuardia, of New York, Director of Civilian Defense

In a statement bearing on the new organization, Mr. MacLeish said that the Office of Facts and Figures is established "upon the assumption that the people of a self-governing country are entitled to the fullest possible statement of the facts and figures bearing upon conditions with which their Government is faced." He added:

> The essential difference between a democracy and a despotic form of government is that a democracy is based upon a complete trust in the people and a democratic service of information must necessarily reflect that trust.

The job of the Office of Facts and Figures, as stated in the Executive Order, is to serve as an inter - departmental clearing house for information and data required "for the most coherent and comprehensive presentation to the Nation of the facts and figures of national defense." In other words, the operation of the office will be purely within the Government.

The Office of Facts and Figures will not make a practice of issuing releases nor set up new channels for the dissemination of information, but will "rely upon the services and facilities of existing agencies of the government in the dissemination of information." In other words, the establishment of the office will in no way change the relation between the departments and the agencies of the Government and the press and radio services, nor will it alter the reliance of the Government upon these means of informing the people.

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